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Volume II

**Final Report
of
The Select Committee
on
The Highway Transportation of Goods**

APPENDICES

(CONTAINED IN A SEPARATE VOLUME)

APPENDIX PAGE NO.	REFERENCED IN TEXT AT		
	PART	PAGE	CHAPTER
	A	Deleted in drafting	
	B	Deleted in Drafting	
	C	Deleted in Drafting	
30	D	European Report	I 13 2
84	E	Ten Major Economic Issues Identified for Research	I 15 2
86	F	Dr. R. K. House Overview	I 15 2
136	G	Dr. D. W. Gillen Overview	I 15 2
162	H	Bibliographies from Joint Program in Transportation - York - U. of T. Legislative Library of Ontario Library of Ministry of Transporta- tion and Communications.	I 15 2
227	H-1	Terms of Reference for Ontario Select Committee on Highway Safety	I 18 2
228	I	Interim Report References to Future Action	I 18 2
230	J	Selected Statistics from the Ontario Highway Transport Board's Annual Reports	II 2 1
236	K	Committee on Government Productiv- ity's Recommendations on Agencies	II 7 2
240	K-1	H. N. Janish - Publication of Administrative Board Decisions in Canada	II 49 5
247	L	Interstate Commerce Commission Application Form	II 53 5
256	M	Summary of Case	II 84 7

273	N	Letter, Minister of Transportation and Communications to Minister of Transport Canada (Re: Part III of National Transportation Act).	III	11	1
	O	Deleted in Drafting			
276	P	Public Commercial Vehicle Licensing Figures	III	109	5
281	Q	Concentration - Foreign Ownership	III	111	5
295	R	Urban Freight Policy - Selected Extracts from Two Published Reports	III	145 148 149	6
334	S	Ontario Trucking Association, Survey of Empty and Light Highway Miles by Selected Carriers	V	30	1
386	S-1	Interstate Commerce Commission, List of Exempt Commodities	V	47	2
403	T	Ontario - Quebec Reciprocity Agreements, 1976.	V	54/82	2/3
408	U	Community College Course, Offerings and Enrolment	V	102	5
427	U-1	Ministry of Transportation and Communications 10 year Expenditure Statement April 1, 1965 - March 31, 1975	V	115	6
428	V	Status Report on Recommendations of the Ministerial Inquiry into the Dump Truck Industry	VI	3	1
447	W	Bill 4, An Act to Amend The Public Commercial Vehicles Act	VI	52	2
450	X	Ontario Labour Relations Board, Decision Regarding Dependent Contractors in the Dump Vehicle Industry. The Application of the Mount Nemo Truckers Association. O.L.R.B. File 1662-75-R.	VI	90	3
463	Y	Title Systems	II	94	7

APPENDIX D
EUROPEAN REPORT

D.1 Introduction

During the early part of the Committee's hearings, a considerable amount of testimony was given on the effects of "economic deregulation" in other jurisdictions. The most notable and often referenced experiences were those in Australia, Great Britain and Belgium. Significant information was tabled with the Committee relating to The Motor Carrier Reform Act in the United States.

It has been stated in many articles that these nations, amongst others (the U.S. not included) have deregulated their trucking industries from an economic point of view, moving instead to higher emphasis on what are often referred to as systems of quality control. The thesis of many authors is that economic deregulation has worked in the jurisdictions which have attempted it.

The thesis continues to postulate that because it has worked in England, Belgium etc., economic deregulation would work in Ontario, that it would not cause great upheaval in the long run, and that many salutary effects would occur for the shippers and truckers of this Province.

The nature of the evidence, in combination with the severe criticisms of the Ontario regulatory system from many other points of view, led the Committee into its widely publicized consideration of the regulation vs. deregulation argument. All economic theory seemed

to say that deregulation would work. Truckers and others supported regulation vehemently. One way of coming to grips with the fundamental truth of both sides of the argument was to test the off-cited hypothesis regarding foreign experiences. Because deregulation has worked in other places, would it work in Ontario? It was this question more than any other which moved the Committee to designate a group of 6 members to travel to Europe to examine some of the foreign experiences first hand. (Readers should recall that the Committee also went to Washington D.C. to discuss the question with the U.S. Department of Transportation and the Interstate Commerce Commission)

The Committee's sub-group travelled to England where it met with:

The Road Haulage Association
 The Freight Transport Association
 Dr. Chris Foster
 Ryder Truck Leasing (Mr. Glenn Schneider)
 Department of the Environment
 General Transport Worker's Union

The sub-group met in Brussels with:

Belgium's Department of Communications
 Union of Industries of the European Communities
 The International Road Union
 The Commission of the European Communities
 Representatives of the Leasing Industry
 Belgian National Federation of Long Distance Haulers
 Association of International Professional Haulers

The group also travelled to Germany and met with:

The Ministry of Transport
 The Federal Association of Freight Forwarding & Warehousing
 The Federal Institution for Long Distance Hauling
 The Federal Association of German Long Distance Hauling
 The O.T.V., Union for Public Service, Transport and Traffic Workers

Why were these three countries chosen? Great Britain and Belgium were each countries which had, it was reported to us, "economically deregulated" their trucking industries. On the other hand, it was reported that West Germany had retained economic regulation. Comments before the Committee indicated that West Germany's for-hire trucking industry was lagging behind those in deregulated countries, ostensibly because of economic regulatory controls.

The Committee was also given to believe by testimony in the summer of 1976 that reciprocity in all its aspects had been achieved in western Europe. It was appropriate to discuss this matter with the Commission of the European Communities (EEC) to see what if any lessons could be learned by and for Ontario.

Purely as background, are the following points of history with respect to the regulatory law in the jurisdictions visited.

GREAT BRITAIN

The system of licensing in Britain until 1968 had three categories: Class A for the professional carriers with some contract provisions; Class B for private or "own-account" plus limited public or "for-hire" privileges and Class C for own-account. The "B" licences could carry in a limited way some for-hire goods. Both Class A and B licences were issued according to the public interest.

In 1968 after several years of debate, The Transport Act was passed by Parliament. This Act was intended to substitute quality licensing for quantity licensing. By virtue of this Act, vehicles with a gross weight of less than 3.5 tons require no licence.

A vehicle larger than 3.5 tons requires an "O" licence both for-hire and for own-account; this part of The Act was made effective in 1960. Regional licensing authorities process applications for and issue "O" licences. This process includes the publication of applications in a brochure "Applications and Decisions". Specified trade unions, the haulage association and the local police may object to the applications.

Road transport had been growing and through 1961 to 1972 grew to approximately 86% of the total tonnage being carried in Great Britain. Since the 1968 Act, the professional hauliers seem to be growing in terms of tonnage carried at a greater rate than private carriage.

BELGIUM

During the 1930's the Belgian railways were suffering economically. In March 1936 a law was passed which required for-hire truckers to be licensed. This system continued until 1960 when the law was liberalized. By that time the railroad had lost a considerable amount of its domestic

traffic. The system implemented in 1960 required the new applicant to apply for a local licence and basically continues today. This local licence is all that an applicant is entitled to for a period of three years. If, having run an operation for that period of time so that a profit of 40,000 Belgian francs per ton of capacity was grossed per year, the person may then apply for a national licence. Once a national licence is obtained, and it is held for two years and the operator continues to show a profit of 40,000 Belgian francs per ton of capacity the size of the vehicles which he is entitled to operate may be increased. Six years after having received the national licence, the operator may apply for an unlimited number of licences, as long as the revenue requirement of 40,000 Belgian francs per ton capacity is being maintained. An international licence is required to operate outside the national boundaries.

There are several classes of capacity licences:

- a) equal to or less than two tons
- b) equal to or less than ten tons
- c) equal to or less than fifteen tons
- d) more than fifteen tons but less than nineteen tons on two axles
- e) less than twenty-one tons on a semi-trailer
- f) less than twenty-eight tons with two axles
- g) larger combinations
- h) tractors.

Moore pointed out in his book that own-account trucking held a substantial share of the domestic market while the professional hauliers retained more of the international traffic. Moore commented that small firms were shrinking.

WEST GERMANY

Rate controls were brought into German industry in 1931 and capacity control was introduced in 1935. The main objective was the protection of the German railroads, which had lost much traffic to truckers through those years. This objective continues as the reason for the regulatory system which exists in Germany today.

This Act and the current system provides for four basic types of licences in professional haulage. They are, long distance transport, regional transport (150 kilometer radius), furniture removal, and international operations.

Recent amendments have made the licences of each of these categories transferable from one vehicle to another.

Moore reported in his book that entry into the regional or short distance category was reasonably easy.

There are limits and quotas set on entry into the long distance segment of the industry and these quotas are set by ministerial decree. Entry into this segment of the industry is far more difficult.

Long distance transport on own-account requires permits for vehicles which are more than four tons or for tractors which are more than fifty-five horse power.

Rates are controlled by the BAG.

Before 1972 the German government had a discriminatory tax on own-account transportation. This was done away with in 1972 as it violated the principles of the EEC.

Moore reported in his book that generally speaking service levels were very high and the profit rate in Germany was not particularly high.

Following in Parts D.2, D.3, D.4, D.5, are more detailed discussions of the Committee's impressions of the experiences in Great Britain, Belgium, West Germany and the EEC respectively.

Attached with the EEC discussion is an extract from one EEC publication outlining the legal and regulatory situation in the various members states of the EEC and at the Community level. Particular facts are referenced in the text of the Final Report, significantly in Chapter III - 2, Control of Entry and Chapter II - 4, Private Carriage. Various documents received by the Committee in Europe have been turned over to the Legislative Library for future reference.

The Committee was, in a general way, struck by several significant facts of the European experience. These facts tend to weaken the arguments of those who favour deregulation and particularly those who advocate it based on the experiences of other jurisdictions, European jurisdictions most particularly.

First and foremost are the vast geographic, socio-economic and historical differences of these jurisdictions when compared one with another or with Ontario. The regulatory systems examined by the Committee are national ones, not provincial. Each country is motivated by a desire (some much stronger than others) to protect the national rail system. In all of Great Britain, Belgium and West Germany the rail system is heavily subsidized by the national government. A single level of government controls all modes of transportation and virtually all transportation infrastructure. In theory, this gives that single level of government the ability to shape an overall transportation policy which may be designed to protect one mode against another or, alternatively to allow each mode to fight it out with the others.

The Committee was concerned about "deregulating" Ontario, given that all its neighbours (Quebec, Manitoba and the United States) control their trucking industries. Deregulation in Ontario would not only place Ontario's for-hire trucking industry at a disadvantage compared with non-Ontario firms, but it would be inconsistent with continued regulation of the other modes of goods transport in Canada, at the federal level. Alberta, an economically deregulated province in Canada, has controlled extra-provincial transport to protect the Alberta based for-hire industry.

In Europe, there continues to exist economic regulation on international transport. Nothing moves except under the authorization of national quotas. Quotas are straight capacity control and a very pure

form of economic regulation. The quotas on for-hire trucking movements are either negotiated bilaterally or, are established by the EEC in a totally separate Community program. What has been "deregulated" is national transport in Great Britain and Belgium.

Each jurisdiction visited has different priorities and needs for its economy and social structure. These differences manifest themselves in part in very different attitudes to the transportation sector. As discussed, the position of rail is one consideration. Others include the necessity to promote new industry, the type of industry in the economy, the geographic barriers to be overcome, and the location of population. A country with no frontiers has different transportation needs than one which does. An economy which exports large volumes of semi-finished or raw product has differing transportation needs from one which primarily exports finished goods. Such differences determine to a large extent that transport policy will differ between such jurisdictions, in such a significant way that comparisons between them are extremely difficult.

Another fact which struck the Committee is the general lack of data on the trucking industries. Great Britain for example, based its support for its current system on the Geddes Report, and on the Bayliss study. These were undertaken some years ago and are too out of date to use in analyses of the British experience today. The British Government is just now undertaking new studies to help quantify

the effects of its regulatory system today. Ontario similarly needs ongoing programs to measure the effectiveness of its systems.

As will be clear from the text of the Final Report, the use of the work "deregulation" to describe the Belgian and British experiences is misleading. In the context of the regulation vs. deregulation argument, it is generally assumed that it is economic regulation which is under discussion. Economic regulation may include entry controls, and/or operational controls being applied to the for-hire trucking industries. On this basis, the Committee did not visit a jurisdiction which was totally deregulated. Already discussed were the presence of quotas on international road transport in western Europe. In addition, one must consider economic operational controls through the market place, which can be severe in the presence of powerful unions and shipper groups.

One must also consider the nature of quality controls which are applied to the trucking industries. It is generally held that in the absence (or lessening) of economic controls, a jurisdiction must impose quality control on potential trucking operations. This is advised by virtually all those who favour economic deregulation, and thus, one finds various forms of quality control in Britain and Belgium. Prospective operators may be required to pass tests or examinations or to demonstrate that suitable maintenance facilities exist to service the operator's fleet.

In the British system for example, entry to the industry is not strictly free, nor is the carrier's ability to expand his fleet. An Ontario licensed carrier generally has more freedom to expand than a British operator. Consider for example, the following comments taken from the Application Form for an Operator's Licence and from a Guide to O Licensing published by the British Department of the Environment:

In due course, you may wish to expand your fleet, or at least put an extra vehicle on the road from time to time, for one reason or another. To do this, you would normally have to apply to vary your licence under the full procedure of the Act (see the "Guide"), but the Licensing Authority may, when granting you a licence, authorise a number of additional vehicles over and above those you actually have in possession, or on hire, at the time of application. If your application for these additional vehicles is granted, all you need to do is simply notify the Licensing Authority within a month of the date when you first acquire them and pay the appropriate fee. However small your fleet may be you would be well advised to ask for authority for at least one additional vehicle in order to cover you against emergencies (eg., breakdowns of vehicles, sudden increases in business). To help the Licensing Authority in deciding whether He ought to authorise such additional vehicles, this question asks you to estimate how many extra vehicles you expect to acquire (this includes acquisition both by ownership and by hiring). Be realistic in your estimate. Do not ask for extra vehicles unless you are reasonably sure you will need them (trends in your business over the last few years might be a useful guide here). Remember that the Licensing Authority will have to be satisfied that you will be able to maintain all your vehicles in a fit serviceable condition. If in any doubt, see the "Guide".

An "operating centre" means the place at which your vehicles are based and from which they normally operate. The Road Traffic Act 1974 enables Licensing Authorities when deciding whether to grant a licence, to take into account whether or not your operating centre is suitable for the purpose.

If any application you make for the grant of an Operator's Licence or for a variation of that licence is subject to the full procedure laid down in the Act, it will be published by the Licensing Authority in a booklet called "Applications and Decisions" which is available from Licensing Authority, price 12 1/2p. If your application is published, it is open to objections, from any of the following bodies:

- (i) A Chief Officer of Police
- (ii) A Local Authority
- (iii) The Freight Transport Association
- (iv) The Road Haulage Association
- (v) The General and Municipal Workers' Union
- (vi) The National Union of Railwaymen
- (vii) The Scottish Commercial Motormen's Union
- (viii) The Transport and General Workers' Union
- (ix) The Union of Shop, Distributive, and Allied Workers
- (x) The United Road Transport Union.

You will be sent a copy of any objection at the same time as it is sent to the Licensing Authority.

If the Licensing Authority so decides he may grant you a licence authorising fewer vehicles than you have applied for. He may well do this if, for example, he is not satisfied that you will be able to maintain the total number of vehicles you applied for. This power also applies to any application for additional vehicles.

Unless your licence authorises a number of vehicles over and above any you actually had in possession or on hire when you first applied (see above) you will have to apply formally for a variation of your licence on form GV 81. Except in certain cases, where the Licensing Authority considers the variation to be trivial, he will publish your application for a variation. This means it will be open to objections (see above), and will be treated generally in the same way as a new application for a licence. If your application is refused you have a right to appeal. An objector also has a right to appeal.

The Licensing Authority has wide powers to "revoke, suspend, prematurely terminate, or curtail" your licence if there has been a material change in the circumstances which were relevant to the grant of your licence, or if it comes to his notice that any of the statements of fact you made in your application were false, or if there has been any prohibition of the use of your vehicles during the last 5 years or if you have been convicted of any of a number of offences during the last five years.¹

1. Guide to Operator's Licencing. Department of the Environment of Great Britain, 1975, Queen's Printer.

In Belgium, entry is more or less free to the short distance market but a carrier who wishes to move to a national licence needs to show certain levels of profitability. To transport internationally, examinations must be taken.

The EEC has proposed a far reaching program to require examinations for all those wishing to transport internationally within the Community. The knowledge required by the transport manager will be substantial.

Thus one can see an overall system in Europe where initial entry to the industry is quite simple, both in countries which are regulated and those that are "deregulated". Entry is easy so long as fleet sizes are manageable, and so long as one restricts himself to short distance transport, often in areas no larger than Ontario's urban areas where entry is also free. As one tries to grow either in terms of fleet size, or to transport over longer ranges, controls become more and more stringent. For all countries, the controls culminate in quotas applied to the carriers of virtually all countries engaged in international transport.

Each country is clinging to its own system because of its special interests. On the broad front, reciprocity has not been achieved any more in Europe than it has in North America.

It is interesting to note in Belgium, where entry is said to be free, that the percentages of empty movements are far higher than they appear to be in Ontario. Over 33% of medium size firms in national transport return empty. Almost 66% of the small regional operators

return empty. About 33% make international returns empty. Large Belgian firms (more than 20 vehicles) return empty on national runs 66% of the time and on international runs about 50% of the returns are empty.

Compared to Ontario's available evidence (say 25% of inter-city miles) the Belgian figures are atrocious. While the effects of such a high percentage of empty movements have not been quantified the costs to the public will be severe.

Contrary to the general belief, economic regulation, if applied intelligently, can result in a rationalization of supply and demand for trucking movements which could decrease empty miles far below what would logically occur in a free entry open market. This clearly must be a priority for governments and the transportation industries in the years to come. Lack of operational controls in a time of energy shortage is not justifiable.

SUMMARY OF EUROPEAN TRANSPORTATION
REGULATORY SYSTEMS

D.2 Great Britain

There have been several evaluations of the British experience since the introduction of the current Transport Act in 1968. One of the most widely publicized works has been "Trucking Regulations - Lessons From Europe" by Thomas Gayle Moore which deals with the effects of deregulation in Britain and four other Western European countries. Moore concludes that "deregulation" had no adverse effects on the industry in Great Britain.

A report done for the Department of the Environment by Dr. Brian P. Bayliss, entitled "The Road Haulage Industry since 1968" was published in 1973. In his study, Dr. Bayliss attempted to establish the structure of the road haulage industry since 1968 with respect to such characteristics as fleet size and the growth of own-account hauling, particularly own-account operators who commenced hauling for-hire. He also examined entry and exit to the industry since 1968 and made a particular effort to define the reasons for the surrender of operators' licences through the years 1968 to 1973.

Dr. Bayliss also reported on trends with respect to the size of firms and types of work in professional haulage. He examined at some length the operating costs in professional road haulage and concluded that:

1. No evidence of any extensive use of vehicles under 3 1/2 tons gross weight by professional operators to avoid the quality controls of operators' licensing.
2. The increase in tonnage carried for others by own-account operators amounted to less than 2% of the total tonnage carried for others in 1971.
3. There was no evidence of large numbers of new entrants into professional road haulage.
4. There was no evidence of substantial numbers of professional operators going out of business.
5. There was no suggestion that established professional hauliers are increasing the size of their existing fleets out of relation to increase in demand.
6. Profit margins in 1971 were substantially the same as those in 1965.
7. The costs and charges rose at the same rate and kept in line with national price increases between 1965 and 1971.
8. Finally, there appeared to have been little change in investment resulting from established operators' fears about the future.¹

On this last point, he concluded that "It might be considered that although the investment figures reflect no great optimism; at the same time, the small overall changes also reflect no substantial worries about the future under operators' licensing."²

The Department of the Environment referred frequently to the Bayliss Study as its evaluation of the effects of the 1968 law. In discussing the Bayliss Study, however, they allowed that as it had

certain shortcomings, the Department would conduct a further study to update its information.

It would be inappropriate to evaluate the British experience without drawing some quotations from the annual reports of the licensing authorities to the Secretary of State for the Environment 1974-1975.

There are eleven traffic areas in Britain. These areas are organized geographically and each has a licensing authority responsible for operators' licensing and for holding public inquiries with respect to particular operators. They are also responsible for heavy goods drivers' licensing and enforcement of particular provisions of the highway traffic code.

In the report of the Northern Traffic Area, Mr. John A. T. Hanlon reported:

The constant and considerable entry of newcomers into road haulage almost balanced as it is by lapsed or surrendered licences shows a continued and disturbing instability in what should be a highly professional industry.³

To support this statement, Mr. Hanlon stated that 807 new applications were received during the reporting period as compared with 1,117 in the previous year...of these, a total of 709 licences were issued while some 696 licences lapsed or were surrendered due to bankruptcy or other financial failure.

The reports of all the traffic regions noted a similar statistic, although some varied. In each case the number of new licences granted in 1974 - 75 was considerably less (generally around 20%) than had been issued in the previous year. Furthermore, in all regions many of the licences which were due for renewal in the year 1974 - 75 were not renewed.

There is a substantial fluctuation with respect to people entering and leaving the industry.

Statistics for 1975 indicate that 30,530 licences were issued, with only 539 applications being refused. The granting of these 30,000 licences led to a total of 143,127 operators licensed in all of Great Britain. This figure is overstated because operators must hold separate operator's licences in each traffic area. Consequently, the figure of 143,000 operators is greater than the total number of licensed operators. This licensing of operators included licensing for 104,417 tractive units and 458,872 rigid units, a total of 563,289 vehicles.

A review of the licensing statistics from each of the regions indicates that approximately 10,000 licences were not taken up or renewed, or they were surrendered during the previous year. Despite the comments of certain licensing authorities, these figures are difficult to interpret because own-account operators are licensed as well. It is difficult to draw absolute conclusions about instability in the for-hire segment of the industry, although it appears to be subject to rather significant exit volumes.

Perhaps the most interesting development since 1968 has been the relative growth of for-hire trucking as compared to private carriage. Department of the Environment figures indicate that the total tons carried by for-hire carriers had increased from 45.9% or 772 million tons in 1967 to 54.1% or 831 million tons in 1974. Over the same period private carriage decreased from 54.1% or 909 million tons to 45.9% or

or 706 million tons. In 1973 public haulage accounted for 64% of ton mileage and own-account for about 36%. Generally, public carriers operate heavier vehicles over longer distances.

These figures show a reversal of the trend in Britain prior to the 1968 law and evident today in Ontario as well as other countries such as the United States, Belgium and West Germany where private transport seems to be growing at the expense of for-hire carriage.

The number of small vehicles from 1.5 to 5 tons unladen weight decreased in the years 1963 - 1973 some 30%. All other vehicle categories increased over the same period. That the relative importance of own-account is decreasing appears consistent with the general belief that own-account tends to use smaller vehicles.

While there is no significant evidence to refute the proposition that the 1968 law has been effective, one must examine the total context of "deregulation". The industry is now regulated from a quality point of view. For example, candidates for a lorry driver's licence are subject to driving and medical tests for which there is a high rate of failure.

Vehicles are subject to annual tests at the Department of the Environment's 67 permanent and 24 part-time heavy goods vehicle testing stations. In 1973 - 1974, some 917,000 tests were carried out. Of the 730,000 vehicles and trailers examined, 552,000 or 76% were passed.

Obviously, vehicle fitness requirements effect a prospective operator's costs, which at the least make entry to the industry more difficult financially. It may also decrease the propensity for an operator to cut prices in the short run, although to the extent that regular maintenance costs become fixed costs, this effect may be less significant.

The industry is controlled in many respects. Some of the quality provisions have been outlined. Despite the general lack of quantity controls, applications must specify the number of vehicles to be operated. In 1974, 3,493 applications were restricted either by the requirement for a public inquiry or by restrictions on number of vehicles or on duration of the licence. This represents a refusal to licence over 9,000 vehicles. One must also consider that applicants must prove that suitable premises exist to maintain the vehicles adequately. Additionally, the "O" licensing system is to be complemented by European Economic Community requirements for those wishing to become road hauliers. They will have to be reputable, professionally competent and possess adequate financial resources. These provisions, if implemented, would make entry to the industry more difficult.

Operation controls are brought to bear on trucking operations in several ways. For example, drivers' hours are also tightly controlled as indicated in the following quotation from "Freight Transport", British Industry Today (March, 1975)

The limits on goods vehicle drivers' hours are 10 hours daily time at the wheel, maximum daily duty of 11 hours, maximum daily spread-over of duty 12 1/2 hours, maximum weekly duty 60 hours, maximum speed of duty on driving before a half-hour break 5 1/2 hours, minimum daily rest period 11 hours, and one weekly rest day. Most drivers of goods vehicles of over 1.5 tons unladen weight must keep log-books to record driving and working time. European Community rules, limiting driving in general to 8 hours a day and 48 hours in any seven consecutive days, applied in Britain from April 1973 to drivers of goods vehicles over 3.5 tons gross weight on international journeys. Journeys entirely within Great Britain are due to become subject to these rules on 1 January 1976. To aid the enforcement of these rules, European Community legislation requires commercial vehicles to be fitted with a tachograph, an instrument which automatically records the driver's hours and the vehicle's speed and distance covered.

A further source of operational controls is organized labour. Discussions with the General Transport Workers' Union revealed a very high level of control on the industry by the unions. The General Transport Workers do not see the European Economic Community regulations becoming effective as scheduled and if and when they do, they will apply very likely to international transport only.

Although the General Transport Workers Union has the ability to object to applications, it seldom does. It would like broader grounds on which to object. The union opposed the 1968 Act and its membership has increased since then. Own-account trucking operations have become more organized than for-hire carriage, although unionization within the commercial transport sector is increasing. While there remain some non-union operators, the unions are so strong that they control the docks on virtually all domestic traffic. The effective union influence on who moves goods, where and how they move is extremely broad.

In addition, legislation has been proposed which would create a five mile "cargo handling zone" around the coast of England. In that

zone, a variety of jobs connected with cargo would be the exclusive province of registered dockers. The Bill would give the Secretary of State for Employment the power to designate any other area as a cargo handling zone. The Road Haulage Association has stated that "there are manifest dangers for hauliers in this bill...it excludes from the dock labour scheme driving on public roads any vehicle whose normal use is mainly on such roads whether within or outside the zone. By implication, registered dockers will have to take over hauliers vehicles on private roads within a port." ⁴

Over a recent wage dispute, the same Association commented:

The fact that workers may need protection against unions and their officials has been ignored by Government in its obsession with discriminatory legislation giving employees and their representatives unprecedented rights and heaping unparalleled financial and administrative burdens on employers. ⁵

Clearly too, the Freight Transport Association exerts considerable influence on the market place. It is the Committee's view that producers and shippers outweigh for-hire carriers in rate, mode and traffic negotiations. For example, the Freight Transport Association members operate some 400,000 vehicles. Those vehicles can be operated to provide the own-account carrier with a for-hire backhaul. One must set that against the relative size of public carriers. In 1974 there were about 130,000 operators in the industry, including own-account. The average size of a fleet is only about four vehicles. Nevertheless, in recent years there has been a tendency for larger firms to develop in the private sector.

Given that rates are freely negotiated with no government control, shippers hold the strong hand in rate negotiations. The Freight Transport Association speaks of the cooperation between industry and the transport sector which has developed since the 1968 Act. It is

"important that trade and industry choose wisely, and with reasonable regard to the interest of the public generally for the protection of the environment. To fail to do so will inevitably give rise to statutory control." ⁶

The Road Haulage Association comments on the Restrictive Trade Practice Acts through which:

Legislative pressure is being brought to bear on hauliers. As a result of a new Order in March, the negotiations of rates collectively by hauliers with customers and the establishment of mutually agreed schedules or conditions of operations is no longer a matter of common consent. The Restrictive Practices Court is now the arbiter of their acceptability in the public interest. ⁷

The Freight Transport Association feels that:

The price (of transport) is now more closely allied to costs... of utmost importance is the contribution each has made towards a close analysis of the total requirements in distribution and this has led to the development of total distribution services over a wide field of trading activity...the freight forwarder who provides a total distribution service makes a substantial contribution...(if the transport market in the U.K. is) viewed as a whole it is difficult to discern a pattern that satisfies the transport theorist or economist who sees transport as an end in itself...the organization of the transport market has never been so well oriented in the traders' favour; we must retain this advantage... ⁸

Some excerpts from the annual report of the Road Haulage Association put the Freight Transport Association's comments in context:

That the past year has been difficult for members of the Bulk Liquids (carriers) is a gross understatement. Because of the economic climate many members have had to lay up vehicles...

Great difficulty in obtaining viable rates has been experienced throughout the year and few, if any, increases have been reported. The lack of any substantial movement of caravans has resulted in a buyers' market and there are many "cowboys" offering their services at rates which no reputable haulier could match...

Serious economic difficulties particularly affecting Chrysler, Leyland and Vauxhall car production caused great anxiety for car transporter companies...

The year will be remembered for rapidly rising costs as a result of inflation and a reduction in the number of heavy goods vehicles operated by members because of the economic situation. There seems little prospect of an improvement in trade in the immediate future...

An increase in the number of demands for proof of delivery has been a cause of concern to many members of the group, particularly as some customers are withholding payment of accounts until these documents are produced for every consignment...

International road haulage as it has increased may attract less attention from the public at large but its importance is acknowledged by trade and industry. A number of hauliers who eagerly accepted traffic for the Middle East without proper investigation and without adequate facilities met many setbacks and have withdrawn from this market. Those who have built up reliable and regular services have now been faced with further troubles as a result of the action by the Turkish Government in imposing heavy taxes on commercial goods vehicles in transit through that country...

The past year has been unspectacular for the Livestock Carriers' Functional Group but the enormous increases in costs, particularly of vehicles and equipment, have caused difficulties. The level of haulage rates continues to cause great concern to the group committee...

The past year has been depressing for the meat haulier although the quantity of other frozen products carried has been up to standard...

Members are disturbed at reports that a growing number of local (waste disposal) authorities, either through inexperience or deliberately, are hiring out (waste haulers) at rates so low that they almost certainly show a loss, which is presumably being borne by the long-suffering ratepayers...

Road transport to European countries has suffered like domestic haulage from the general recession in trade and there has been the almost inevitable tendency not to charge genuine economic prices...The reduction in traffic has been coupled with increases in the numbers of permits available for France and the Federal Republic of Germany, and in the case of France in particular, this has allowed more companies to receive permits... With other countries the size of quotas of permits has caused difficulties...

Hopes of an even modest increase in the size of the European Economic Community quota were dashed when the Council of Transport Ministers in December, 1975, decided that none should be applied because of the general economic situation...

At the same meeting of Ministers it was agreed that Regulation 1174/68 governing compulsory bracket tariffs for international road haulage of goods should be continued until the end of 1976 for the six original member states of the Community. Meantime, the European Economic Community Commission has produced a draft regulation providing for the introduction of reference tariffs in place of compulsory bracket tariffs. The proposals envisage tariffs for international transport drawn up bilaterally by the representatives of the hauliers in consultation with users and trade unions and these will form the basis for charges actually agreed between the provider and the user of transport. The statutory compulsion of the present tariff system will be removed but the Commission has in mind the possibility of action being taken when charges fall below an economically viable level...

The Commission appears to be seeking to introduce greater freedom in charging but with some reserve powers to prevent "ruinous competition"...British international hauliers will no doubt welcome any protection against the extreme cutting of rates which has been apparent recently although still seeking commercial freedom in fixing prices.⁹

In conclusion on the British experience, the Committee feels that there remains in one form or another, certain controls in the industry. One must look to driver standards, vehicle standards, operational centre standards, the ability of the local authority to restrict the number of vehicles licensed and the possible implementation of the

European Economic Community directive on admission to the road haulage industry. One must also consider the power of the unions to control the movement of goods in an operational context and what the Committee interpreted as the powerful position of the Freight Transport Association.

Internationally, one must look to the presence of quotas in bilateral agreements and a quota on European Economic Community licences. These restrict the movement of goods in terms of how much moves and who moves it.

One cannot quantify the effects of the 1968 law. On balance, all parties seem pleased with the present system. Some favourable developments in the transportation market can be seen as results of the change, others should be attributed to economic conditions and improvements in technology which do not find the regulatory change as their basis.

The relative regrowth of public haulage is a significant and healthy development. The causes may include:

1. General economic conditions in Britain.
2. The high rate of licensees leaving the system.
3. Ability of own-account to carry third party load for-hire.
4. Power of shippers in direct negotiations with carrier.
5. Greater flexibility of public carriers.
6. Need for carriers to negotiate service.
7. Improvements in vehicle design and capabilities.

While improvements to the regulatory system are advocated, there is a general contentment with the situation. Real rates have remained reasonably stable. Service is obviously good. One must set these facts against the comments of the Road Haulage Association and licensing authorities quoted above.

FOOTNOTES

1. Dr. B. T. Bayliss The Road Haulage Industry since 1968.
2. Ibid.
3. Annual Reports of the Licensing Authorities to the Secretary of State for the Environment 1974-1975; Covering the period 1st October 1974 to 30th September 1975.
4. Road Haulage Association - 31st Report for 12 months to March 31st 1974.
5. Ibid.
6. FTA Ltd, Organization of the Transport Market by R. V. Frost; 1976.
7. OpCit, RHA Annual Report.
8. OpCit, FTA.
9. OpCit, RHA Annual Report - selected, non-sequential quotes.

D.3 Belgium

It seems almost impossible to separate the experiences of Belgium from those of the European Economic Community. Transport policy in Belgium is dictated by a number of factors, but one must look specifically to its size and geographical location within Western Europe. International and transit traffic are particularly significant to the Belgian economy and therefore to the government.

Figures from the Belgian Ministry of Communications indicate that 80% of total rail transport, (on a ton/kilometer basis), 65% of inland waterway transport and 35% of road traffic is either international or through transport. This fact, combined with considerations of geography, industrial and port location means that the government attaches special importance to the workings and achievements of international organizations, particularly the Benelux and the European Economic Community.

One must also consider that the Belgian railway SNCB is state owned and subsidized for both its passenger and freight traffic losses. In the past as well, railways received government capital grants for infrastructure.

In the 1930's, Belgian rail was in financial difficulty which led to the introduction in 1937 of a licensing scheme for for-hire road transport. Road transport was subjected to a quota, with authorizations granted based on the needs of the market. For reasons which included the difficulties of determining the real needs of the marketplace and the

development of own-account trucking, the system was "liberalized" in 1960.

Deficits now running approximately 40 billion Belgian francs per year or 70% of the total expenditures of the railways continue to be paid to the SNCB. Rail freight rates, continue to be very low; however, road freight's share of the market is nearly double that of the railways. Inland waterway and rail each account for some 26% of the market, with road transport accounting for 46-48% of the total. Government policy has tended to allow the railways more freedoms and many routes have been abandoned; the number of workers is only half of what it was at the end of the last World War. The principle of railway protection through road transport controls appears not to have worked and, partly as a result road transport controls were relaxed.

Generally, truck rates in Belgium are free for the market place to determine. Exceptions include the transport of products of the European Steel and Coal Organization and the transport of products within the countries Benelux both of which are subject to obligatory maximum/minimum tariffs. International traffic within the original 6 countries of the European Economic Community is subject to the bracket tariffs.

No data was provided on which to base the effects of the 1960 law on rate structures for domestic traffic. To the extent that SNCB rates are relatively low given heavy government subsidies and, given that road transport has continued its growth in comparison to rail, one can conclude that prices of

road transport have remained competitive where there is a competitive supply market.

With respect to firm size, a study was published by L'Institut du Transport Routier entitled the Structure du Secteur du Transport Professionel Routier de Marchandises en Belgique. While the study was conducted by questionnaire which received only a 38.9% response rate, its conclusions deserve some comment. In January 1976, the number of enterprises with road transport authorization was 10,623. This included 7,576 with class "V" authorization for national transport and 3,047 with a class "P" authorization for transport within a 25 kilometer radius. Approximately 95% of the class "P" operations were classed by the study as small or medium size and having less than 20 units.

Fifty-five per cent of all Belgian trucking enterprises possess only one vehicle. Many of these are family businesses. Investment is low; many deal with only one shipper. Regional transport is most important with most charged trips being 50 kilometers or less. Almost two-thirds of the operators make national returns empty. About one-third make international returns empty.

Characteristics of medium size firms (5-19 vehicles) are somewhat different. The most typical firm is a family enterprise; however, different from the small firms, less than one quarter are involved in activities other than professional haulage. Investment is healthy with debt/equity ratios at reasonable levels. This group is perhaps the most dynamic. Articulated vehicles are in common use, although the single shipper is still common.

National transport is more important for this group than regional; general merchandise is more often hauled, although over 40% are specialized by particular types of merchandise. National distances are in the range 50-100 kilometers. More than one-third of those vehicles in national transport make empty return trips.

The larger fleet owners of more than 20 vehicles show different characteristics again. These firms tend to employ more administrative personnel and just over one half are involved in other commercial activities, most of which are transport related. Their financial situation is healthier than for the other two groups.

The tendency of the larger operators is to more than one shipper and over half are principally involved in international transport. About 50% are specialized in one mode of transport; about 25% are specialized by merchandise. National runs average 150 km and international runs average 200 to 400 km. Regular traffic is more common than with the other two classes. However, over two-thirds of return national runs are empty; about one half of international runs are empty. These firms also direct more resources to marketing and publicity than do the others.

The study concluded that while there were advantages to the small operator, there were also significant disadvantages. The report speculated that one disadvantage was the absence of economies of scale (however the study by itself was not sufficient to conclude firmly that economies of scale do exist).

More recent indicators of the for-hire industry's performance suggest that it may be as healthy in Belgium as it is anywhere else:

Considering both national and international transport increased the tonnage carried from 248,036 (1000 tons) in 1968 to 341,535 in 1973 (If 1968 = 100, 1973 = 137.3).

In terms of ton kilometers, the increase was more substantial from 10,563,740 (1000 tkm) in 1968 to 15,961,387 in 1973 (1968 = 100, 1973 = 151.2).

In a group surveyed in 1975, 40% reported an increase in capacity utilization, 20% reported no change.

Railroad movements doubled from 1971 to 1973 after which both the number of movements and tonnage decreased.

Own-account vehicles in use increased approximately 8.38% from 193,405 in 1972 to 210,084 in 1975. Corresponding figures for for-hire vehicles were from 25,860 to 28,900 an 11.32% increase.

In terms of tonnage carried, own-account increased from 695,742 (1000 tons) in 1972 to 784,305 in 1975, or 12.24%, although the rate of increase was decreasing steadily - 5.23% in 1973, 4.56% in 1974 and 2.45% in 1975. Comparative figures for for-hire transport were 319,625 (1000 tons) in 1972 to 414,332 in 1975 an increase of 27.12%. The increase was more stable than own-account, 8.09% in 1973, 10.27% in 1974 and 8.76% in 1975.

Investment in trucks increased in 1972-1973 but decreased in 1973-1974. The downward trend continued at an increased rate in 1974-1975. The same was true of investment in road tractors.

CECA movements were increasing in price, 1973 to 1975 from 100.0 in 1973 (index) to 106.4 in 1975, but fluctuations are shown quarter to quarter. (30% bracket)

Tariffs for bilateral movements among European Economic Community countries rose from an index of 100 in 1973 to 112.05 in 1975.

In summary, the industry appears to be reasonably stable. Fluctuations in investment are attributed by the Government to recent economic conditions rather than to any inherent instability in the for-hire market. However, private transportation grew after 1960 and own-account continues to contribute more than eight times the number of vehicles and almost twice the number of tons carried by for-hire. The rate of increase for both private and for-hire decreased markedly in 1974 and 1975, with cutbacks in own-account expansion greater than those within the for-hire industry. The contribution of own-account to road transport, however, remains significant.

The for-hire industry, while not subject to tests of public necessity, remains controlled to a great degree. One cannot easily enter the long distance transport business. One reason is economic (to the extent that scale economies exist), the other is government regulation. Government regulations control entry by limiting the new entrant to short distance operations within 25 kilometers. He is restricted to this limited operation for three years, at which time, he may apply for a national licence. In both situations, the operator will be limited in terms of the number and the capacity of vehicles which he may operate. Only after nine years is an operator totally free in these respects. It is likely too, that by that time, his interest will include international traffic which is restricted by the number of quota authorizations given him by the government.

Thomas Gayle Moore pointed out in his book that by 1971, 993 operators would have qualified for a national licence. However,

only 213 national licences were granted. This appears consistent with the results of the study noted earlier, which showed that particular characteristics could be attributed to each of the small medium and large for-hire firms. To the extent that there exists a positive relationship between size and national and international operations, or ability to operate them, there is more involved with moving from a "P" to a "V" licence category than straight objective regulatory criteria. Thus, the system may inhibit growth from short distance to national and international operations. To the extent that moves from "P" to "V" or medium to large scale operations are less frequent than one might expect in a "deregulated" environment, the hypothesis has some validity. It appears that, to the extent that Belgian firms can grow under the current system, the more profitable they will become.

With respect to "V" licence holders:

5,605 were small (74%)

1,526 were medium (20.1%)

445 were large (5.9%).

With respect to "P" licence holders:

2,952 were small (96.9%)

93 were medium (3.0%)

2 were large (0.1%).

The system may encourage smallness, whether this is beneficial, given the importance of international traffic to Belgium, is the important question.

The percentages of empty return loads do not compare favourably with what is known about the situation in Ontario. Empty movements are far, far higher than proponents of "deregulation" would have one believe.

D.4

WEST GERMANY

There is no argument about the degree of control of government over German trucking - it is very tight. Stringent controls are applied to long distance trucking. However, entry into the industry for short distance haulage is comparatively easy.

The historical reason for government involvement stems from the social and political desire to protect the German Railway. This remains the prime motivation. However, the government is broadening its approach at this time to view the transportation system as a whole and its efforts will be directed to optimizing the use of various modes where they are more efficient. Whether this will lessen quantity control on the for-hire trucking industry remains to be seen. Increasingly, the government is forced to recognize the benefits of for-hire trucking, and it is private trucking which is viewed by the government as the "new inefficiency" in the transportation system.

As goods transported by rail fluctuated from 333.4 million tons in 1961 to 346.0 million tons in 1968, transport by long distance for-hire trucking operations increased steadily over those same years from 103.8 million tons to 152.4 million tons.

In 1975, the railways forwarded 301.7 million tons of goods (41.8% of the total), waterways 227.3 million tons (31.6%) and professional long distance transport 112.2 million tons or 15.6% of the total and long distance transport on own-account was 79.2 or 11.0% of the total. Ton/kilometer

percentages are not significantly different - rail 37.8%, waterways 31.8%, professional long distance transport 21.3% and own-account long distance 9.1%.

In 1975, there were 9,148 undertakings with "concessions" (licences) for long distance transport. The capacity provided is 30,917 vehicles of which 18,215 in long distance, 6,942 in regional long distance, 1,102 in international and 4,658 furniture transporters. The carrying capacity of these vehicles is reported to be 574,000 tons.

Despite the efforts of the government to build and improve road-way infrastructure, some are of the opinion that congestion will worsen and that the present infrastructure, if not radically improved, will break down.

The Ministry of Transport conducted a study into infrastructure costs and recently published a report on the findings. The study recommended active pursuit of construction of particular infrastructure, rail, road and water to 1985. It proposed a program within the framework of existing transport policy objectives involving expenditures of 120.1 billion DM to 1985. To make available sufficient funds, one of the recommendations is:

a reduction of the equalization payments to the German Federal Railways by short and medium term concentration of the supply of services, the transfer of personnel to more productive areas or the reduction of the share of personnel costs through nationalization. On the basis of the results of the first phase of federal transportation mode planning, alternate ideas will be developed as to conceivable transportation situations up to the year 1990...regulatory policy and investment policy will be intertwined more closely with each other in long range planning.

In considering the past and future development of German transportation policy, one must keep in mind several factors which make the derivation of objectives more difficult, - the heterogeneity of the provinces, the geographic position of Germany as a transit country for international transport, the loss of natural hinterland for German ports since the war, the urbanization of the nation and the role of the railways.

Trucking has expanded its volumes more than has rail. Private trucking has increased more than for-hire. National transport accounts for much more freight movement for German carriers than does international. These trends are noteworthy.

There are 9,148 long distance licences in Germany. The maximum is set by Ministerial decree and has not been altered for nearly five years. Of the total, 2,066 or 23% are engaged solely in long distance transport and 7,082 or 77% are engaged in for-hire trucking in connection with another business, such as the building materials industry, coal industry or motor-car leasing. These for-hire undertakings operate 30,917 vehicles.

Terms of private carriages there are 28,841 registered long distance own-account undertakings which operate 72,601 vehicles.

Of for-hire operations:

- 3,204 or 35.0% have one licence
- 2,145 or 23.4% have two licences
- 1,213 or 13.4% have three licences
- 1,551 or 17.0% have four to six licences
- 1,035 or 11.3% have seven or more licences.

The government is aiming to reduce the share of private

transport in total business traffic from 64% in 1970 to 50% in 1985.

Commercial truckers travel an average trip of 287 kilometers, own-account, approximately 187 kilometers. Average load weights are 22 tons and 8 - 10 tons respectively.

In 1955, international haulage represented approximately 60% of the total for German for-hire haulers; in 1965 that figure dropped to around 37%; by 1975, it had dropped to 31%. This is critical importance to the German haulers. It is downplayed by some including the OTV (Union for Public Service Transport Workers) who feel that the industry, given the continuing growth in national transport volume and presumably in revenues, remains very healthy.

One of the possible explanations for the decrease in international traffic is the high level of taxation on German for-hire carriers.

The tightest control is over long distance road transport. Short distance road transport is much freer because rail is not a viable alternative. It is improper to lump short and long distance operations in considering the effects of tight regulatory German controls. Long distance should be the prime area of concentration.

Thomas Gayle Moore in his book *On the European experience* commented on the significant differences in rates between Germany and other countries. Some attribute this to the presence of capacity controls; others, including the Germans, view this as a result of higher costs, contributed to in no small way by considerably higher levels of taxation.

D.5 The European Economic Community - Analysis and Summary

The Commission is trying desperately to make its presence felt and has made several proposals in this area. However, little real progress has been made because the Member States cling to their own system. Each state, despite its commitment to the Treaty of Rome, has its own interests, its own problems, its own social, economic and political goals. In addition, each state is at its own stage of industrial and economic development, with varying reliance on national and international goods movement.

One is reminded of the North American and Canadian situation with regard to different weight laws, taxation and registration requirements.

The European Economic Community must be committed to harmonization of regulatory law as its major goal, rather than to any particular solutions. While the Commission staff have an interest in promoting certain specific methods of regulatory proposals, the commitment to many of the proposals is such that the proposal would be amended (indeed compromised) if it meant that by so doing, it would be acceptable.

The Commission states:

The common transport policy has not made striking progress in recent years. The practice of adopting at intervals partial and limited measures extracted from the Commission's proposals slows its development. The Community needs, on the contrary, to work out an overall approach enabling it to respond, in the medium and long terms, to the requirements of a society and an economy which are in the midst of profound change.

The guiding principle behind the concept of the common transport policy, as it was developed by the Commission in its 1961 memorandum, was that transport undertakings and users should benefit from the advantages of competition. The measures proposed since then, which have only been adopted in part, are aimed at this objective.

The Commission recognized the differences of interest and of opinion which exist in transport matters. It believes that a dialogue between Community institutions, first of all within the Council and then through exchanges of views with the European Parliament and the Economic and Social Committee, could help to resolve these difficulties.

In addition, the Commission regards these dialogues and exchanges of views as a useful means of obtaining the necessary information for deciding on the contents and order of priority of the measures to be taken. The Commission will present to the Council proposals for common rules within the context of the long-term objectives and guidelines and the programme for action in the short term set out in this Communication.¹

Community transport accounts for about 6% of Gross National Product. In the nine member states, energy consumption by transport is estimated at 16% of total energy consumption, with road transport accounting for 13%. Traffic between member states has increased significantly and the factors behind the expansion of transport sector will remain influential during the years to come.

On regional development the Commission states:

The role of transport as a factor affecting regional development has been reinforced by the accelerated expansion of industrial growth areas and by the widening of the range of potential industrial areas, though these zones do not necessarily coincide with the less developed regions.²

On the needs for economic union, the Commission states:

To the extent to which the intervention of the public authorities in transport is confined to the national or bilateral level, there is a risk of increasing the "compartmentalization" of national transport policies, a compartmentalization which is still with us despite fifteen years of efforts to implement a common transport policy.

Intervention by the public authorities in transport is clearly necessary. However, the divergences between the various interventions of the authorities at national level and the related rigidity of national transport arrangements led the authors of the European Economic Community Treaty in 1957 to provide for a common transport policy for the common market. But the objectives which the council laid down between 1965 and 1967 by a series of key decisions have only been achieved to a very partial extent.

With a view to achieving some liberalization of the transport market, the common transport policy envisaged a harmonization of competitive conditions (particularly social and fiscal conditions) within each mode of inland transport and between modes. But although a number of proposals have been made, not enough harmonization has so far been achieved even to lead several Member States to accept a certain degree of market liberalization in road transport, the mode of transport where liberalization seemed the most urgently required.

It is enough to recall the situation which exists in international road transport between Member States. Depending on the journey in question, transport for hire or reward is either free, or subject to authorization, or subject to permits granted within a quota system. The nature of the authorizations varies from one type of journey to another (period of validity, freedom to pick up a return load, etc.). The basis for international transit within the Community varies from state to state. Own-account transport is sometimes free, sometimes subject to quotas. The arrangements for combined transport are inadequately developed and are not harmonized as between Member States. It is important to emphasize that by virtue of Article 75 of the Treaty, common rules applying to international transport, and the conditions under which non-resident transport undertakings may be allowed to engage in national transport activities within a Member State, should have been drawn up during the transitional period.

The efforts which have been made to eliminate impediments to trade and to create a common transport market have not fully succeeded, and the common transport policy is in an impasse.³

On the existing policy of European Economic Community, the Commission states:

Pursuit of the general objectives of the Treaty within the framework of a common transport policy, as envisaged in Articles 3 (e) and 74 of the Treaty of Rome requires the progressive introduction of coherent Community transport arrangements capable of meeting the requirements of economic union and of society at the least cost to the community. On the effectiveness of these arrangements will depend in large measure the optimum utilization of factors of production and development in the interests of improving living and working conditions.

The purposes of the Treaty for the transport sector have not yet been achieved, Community action must, therefore, as in the past, continue to remove remaining impediments to the free circulation of transport services and harmonize the framework within which the activities of the different transport modes and undertakings are exercised. It must also provide instruments enabling the play of market forces to be corrected where required (e.g. tariffs and capacity control).

The common transport policy must, indeed, constitute a factor for social progress, making, on the one hand, the best possible response from the Community's standpoint to transport needs and, on the other, a contribution to improving the living and working conditions of those employed in the sector.

Public investment in transport infrastructure is an essential basis for the development of structural policies, particularly regional policy and planning. A common transport policy, covering the field of infrastructure investment, should contribute not only to developing the less favoured regions but also to reducing congestion in overcrowded areas.

Working conditions as well as the make-up of vehicle crews constitute an important factor affecting the competitive conditions which determine the costs of transport undertakings. Their harmonization in the cause of social progress, for the three forms of inland transport, is thus an essential contribution to the proper functioning of the common transport market. Some harmonization of working conditions should also be envisaged for air and sea transport and for ports.

Within the framework of the Commission's proposals for a common system of charging for infrastructure, specific taxes should to the extent that they need to be retained, become instruments of that "tariffication". In so far as these taxes fall on commercial vehicles or their fuel, their structure and level should be determined exclusively as a function of factors related to infrastructure costing.

An efficient and economic community transport system will increase competition and encourage specialization in all sectors of industry.

The existence of such a system, leading to a better knowledge of present and future demands for transport equipment, will make a marked contribution to the efforts which are in hand towards a restructuring of European industry, and will allow industry to derive the maximum benefit from an extended market. The transport sector is an important buyer of goods and services. It is in its interests that industry, in supplying the various means of transport, should be in a position to furnish equipment giving the best service at the lowest cost.

At another level, transport undertakings need to have at their disposal as soon as possible the main instruments of industrial policy in order to benefit, in the same way as other enterprises from conditions enabling them to adapt to the scale of the European market and to the advantages of an integrated economic area. This will mean, in particular, creating forecasting methods designed to adjust capacity to demand, to help people to adapt to new conditions.

Such a policy, planned in a flexible way, will enable the Community to meet the needs of all sections of the public, including improving the quality of life, and to shoulder its responsibilities towards the various groups concerned:

- transport users, with the objective of providing freedom of choice, though without running counter to the community's interests by the provision of an excessive range of means of transport.
- transport producers (transport undertakings), with the objective of obtaining optimal use of the factors of production by permitting specialization of tasks within a more integrated system, healthy competition and the creation of instruments for continuous adaptation.

- people employed in transport, who should be able to work in conditions comparable to those of industry.⁴

On the role of governments and public policy in bringing this policy to life, the Commission states:

The broader objectives of the common transport policy require a greater degree of intervention by the public authorities. This intervention should be at market level only where the proper functioning of the market calls for the application of correctives particularly in the event of crises or of imbalance between supply and demand. But the interventions of the public authorities in the creation and continuous adaptation of the transport network should, more than in the past, be made within the framework of the common transport policy.

Decisions concerning investment in plant and equipment, on the other hand, should so far as possible be taken at the level of the transport undertaking, and action by the public authorities in this connection should be limited to protecting the general interest.

The correct allocation of infrastructure costs may sometimes lead to a considerable increase in the financial burden to be borne by some users. This is the logical consequence of the method chosen, which tends to discourage users whose external cost is too high in relation to the advantage sought.

The choice of a system of allocating costs does not, however, preclude the use of other measures by the public authorities (priority for public transport, prescribed routes, prohibition of certain categories of traffic, etc.).

For goods transport, the common transport market will function freely subject to the essential corrective measures. As regards passenger transport the public authorities will be obliged to intervene, especially in urban areas, and measures in favour of public services are not to be ruled out.⁵

Community action in the field of control takes the form of various measures concerning:

- (i) decisions on continuing the arrangements for Community quotas.

- (ii) capacity control for international road haulage between Member states which is for the most part carried out under permits granted within the framework of bi-lateral quotas.

These measures, of interim character, and still based on the idea of permit quotas, should give way progressively to the supervision of capacity, intervention being limited to cases of serious market disequilibrium.⁶

Certain regulations concerning rates and conditions for the carriage of goods are also foreseen:

The system to be implemented by these Regulations concerning rates and conditions for the carriage of goods should be designed to take into account its close interdependence with the system of capacity control and should prepare the way for the progressive removal of all constraints on the formation of transport rates.⁷

In a 1975 document entitled A Report on the Present Situation of the Goods Transport Markets in the Community,⁸ the Commission noted several trends which are significant.

Transport requirements expanded rapidly in the period 1963-1972, although one must note the general fall in the relative share of the railways in all goods transport. This trend occurred in all member countries, thus, one can conclude that the nature of road regulatory system in itself did not significantly influence the trend. Road transport volume grew from 44% to 50% at the expense of rail and waterway, regardless of the regulatory system. The total number of vehicles grew by 43% from 1962 to 1971. The number of vehicles used on own-account is far higher than the number used for hire. As far as capacity is concerned, the proportionate difference between for-hire and private is smaller; for example Germany had

4 times the number of vehicles in private transportation as in for-hire, but the capacity of the private vehicles was "only" 1.5 times that of the for-hire vehicles. In France the comparative figures are 12 and 3, and in Belgium they are 8 and 2.3.

Product substitution, growing industrialization, division of infrastructure costs and disparities in standards which in each state govern transport capacity and rates all cause distortions to competition.

The greater volume of goods transported by road between Member States remains subject to the provisions - sometimes divergent and contradictory (especially for transport on own-account and transit operations) - laid down in bilateral agreements which perpetuate a system based on traffic operations as conceived by the nationals of the Contracting States. The quotas stipulated in these agreements run not only counter to any process of integration but contrary to the compulsory provisions of Article 7 of the Treaty of Rome which prohibits any discrimination based on nationality. Furthermore, these quotas are distributed among the Contracting States on a basis which does not sufficiently reflect the real requirements of the market.

In its communication of October 1973, the Commission of the European Communities highlighted the role which the common transport policy could play in achieving the broad objectives of the European Community. The impact of transport in the achievement of broad social and economic policies is in the EEC's view, confined primarily to transport infrastructures. However, the EEC recognizes that the

provisions governing the operation of the transport markets capacity, transport rates and conditions, competition can have some effect in the same direction.

It should be recalled that the establishment of services whose purpose is to meet public interest has historically implied that the undertakings must fulfil certain "public service obligations", that is the obligation to operate the services, the obligation to provide transport facilities and tariff obligations. The EEC however, on 26 June 1969, adopted Regulation No. 1191/69 which enshrines for the three modes of transport:

- the principle of the elimination of the obligations inherent in the concept of public service,
- the maintenance or imposition of such obligations insofar as they are required to ensure the adequate provision of transport services.

In almost all the Member states, both passenger and goods rail services are required to comply with obligations, to operate services and to provide transport facilities. Other modes of transport, except for the regular carriage of passengers by road, are not subject to such obligations.

The obligation to operate services means, among other things, that certain low-traffic connections must continue to be operated; their deficits are covered from financial compensation by the state, in

accordance with Community regulations. It is well known that this situation arises from reasons which in principle fall outside the transport sector; the broad question is whether transport operations carried out on free initiative might be able to meet these transport needs without being a charge on public funds.

The obligation to provide transport facilities is a general obligation imposed mainly on the railways which, together with tariff obligations, may mean economic disadvantages for the undertakings concerned.

In an increasingly competitive market where there is a wide range of types of transport, the question of whether this obligation should be maintained is being examined by the EEC.

TARIFF OBLIGATIONS

For reasons of general economic policy, European governments usually have participated in setting the general level of transport rates applied by their railways. For other modes of transport, the intervention is not so generally applied.

THE VARIOUS TYPES OF RULES GOVERNING CAPACITY

Quantitative restrictions on capacity are designed to limit competition between means of transport and undertakings engaged in the operation of the same means of transport. Such restrictions are in

fact an effort to influence the level of transport prices indirectly, in order to bring them to a level which is considered adequate. The following instruments are generally used.:

- transport authorization quotas,
- the examination of the individual requirements of transport undertakings.

The first method is used in most cases; to date the second method has been applied only in the Netherlands.

TRANSPORT AUTHORIZATION QUOTAS

The quota system applied generally involves the establishment of quotas in advance. By its very nature it is relatively rigid. Consequently, and in the light of the experience, a permanent quota system could not ensure a sufficiently flexible and rapid quantitative adaptation of supply to demand.

Mention must be made of the fact that the quotas are as a general rule determined without reference to forecasts of requirements and for a period fixed in advance, which means that they are unable to cope with the often considerable market fluctuations. Because of its arbitrary nature, the quota system is liable to result in an excessive limitation of capacity and an unjustified increase in transport prices.

Finally, it must be remembered that the transport of goods by road is designed to fulfil special requirements - door-to-door transport without the need for trans-shipment, flexibility of the undertaking,

specialization, accompaniment of the goods, etc., which especially in the case of certain categories of transport, are now considered to be essential.

If a quota system involves restrictions on the fulfilment of users' transport requirements, this results, in the long term, in a shift toward own-account transport which is subject to practically no restrictions.

It is therefore difficult to consider a system (of charging, even one involving compulsory tariffs), capable of serving as more than a guideline for determining individual prices; at the most it may be regarded as having a psychological effect. In fact, if the market situation resulting both from the supply/demand relationship on the transport market and from the trend of costs is no longer reflected in the tariffs applied, transactions between contracting parties will inevitably adapt themselves to the actual economic situation.

THE EUROPEAN ECONOMIC COMMUNITY -- ANALYSIS AND SUMMARY

REFERENCES

1. Common Transport Policy: Objectives and Programme
Commission of the European Communities. Supplement 16/73
2. Ibid
3. Ibid
4. Ibid
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8. Report on the present situation of goods transport markets in
the community. COM (75) 491 final - Brussels. October 1, 1975.

APPENDIX - EMAJOR ECONOMIC ISSUES TO BE CONSIDERED

Control of Entry Through Regulation

- Historical reasons for.
- Economic & political arguments for continuation including critique of assumptions.
- Economic & political arguments for deleting entry controls or relaxing them including assumptions of arguments.
- Why exempt certain commodities?

Market Structure--Motor Transport Industry

- Is the industry oligopolistic?
- Are there natural barriers to entry?
- Is the industry predominantly foreign owned?
- What is the source of competition? (Rail, Leasing, Private, BPX)
- Is there "perfect knowledge" of shippers?

Rate Making

- Do rates reflect direct route mileage? Costs?
- Effect of tariff bureaux on the making of equitable rates.
- Does 30-day filing tend to make the motor transport industry less competitive?
- Is there cross-subsidization TL - LTL or LTL - TL?
- Are there/should there be regional differences in rates?

Empty Backhauls

- What are the economic affects?
- To what degree are they, or are they not, an economic necessity?

The Economic Affects of Reciprocity

- Plate Fees.
- Fuel Tax.
- Sales Tax.
- Would reciprocity increase the competitiveness of
 - (a) Ontario carriers
 - (b) Ontario manufacturers, shippers.
- Are plate fees as costs distinguishable in the rate-making process?

- The Economics of
 - (a) Private Trucking.
 - (b) Leasing.
 - (c) Broker Drivers.

for the firm and in the aggregate.

Supply and Demand

- Is there equilibrium?
- Is it fostered by control of entry & the regulation of the industry?

8. The Economics of Serving Small Centres

--Are there losing routes?

--Why?

--Advantages/disadvantages of freight pooling.

--Advantages/disadvantages of shipper education.

9. The Potential of Intermodal Movements.

10. Labour in the Motor Carrier Industry?

--To what degree is it organized?

--What are the affects on cost/service/safety?

APPENDIX - F

PART 1:

GENERAL OVERVIEW

By Dr. R.K. House PhD
through The York - University of
Toronto, Joint program on
Transportation December 3, 1976.

SELECT COMMITTEE
ON HIGHWAY TRANSPORTATION OF GOODS:
REVIEW OF SUBMISSIONS

PART I: GENERAL OVERVIEW

This review is divided into two parts: the general overview is organized along the lines of the ten issues outlined in the Select Committee's letter to Dr. R. Westin dated September 13, 1976; and, Part II, the critiques of the 22 submissions, summarizes and critiques each submission separately. As this structure leads to some overlap, there has been an attempt to focus most of the critical comment on Part I and treat Part II more as a summary Appendix.

1. CONTROL OF ENTRY THROUGH REGULATION

Introduction

Of the economic issues to be considered, primary importance will be placed on the issue of control of entry through regulation. A good grasp of the arguments presented in this issue is necessary in order to understand many of the other issues.

The encompassing nature of the subject of trucking regulation is not the only reason for the importance of this issue. In recent years, trucking regulation has become an extremely controversial subject. Presently, Alberta (an unregulated province) has a Select Committee studying the situation. The recent experiences in foreign countries such as Australia and Great Britain has had an impact on this debate. Foreign experience has resulted in the primary question of whether deregulation is more desirable than regulation. In the past, the issue centered on whether or not deregulation would result in a workable system.

This section will outline the theoretical positions, make comments on the briefs, and provide some limited conclusions.

THE THEORETICAL ARGUMENTS AGAINST REGULATION

The basic arguments for opposing regulation of the trucking industry are:

1. Regulation results in higher overall transportation costs through (a) operating inefficiencies, (b) excess profits, and (c) regulation costs;
2. Regulation misallocates resources;
3. Regulation impedes technological innovation;
4. Regulation results in a lower quality of service;
5. Regulation forces those with licences to operate inefficiently;
6. A free market is possible in the trucking industry;
7. Regulatory bodies over the long-run serve the interests of the regulated industry instead of the interests of the general public;
8. Experience in other countries proves that deregulation is both possible and desirable.

The primary concern of the deregulators is the alleged high cost of transportation. High costs in the trucking industry result from operating inefficiencies, excess profits or the expense of regulation.

The existence of operating inefficiencies and excess profits is related to the market structure. Both characteristics are common in a monopolistic situation. Although a superficial study of the trucking industry would lead one to conclude that the industry is not monopolistic or oligopolistic, more in depth analysis could result in radically different conclusions. The existence of a large number of trucking firms often leads to the contention

that the for-hire trucking industry is competitive. However, in order to determine the nature of the industry one must ask specific questions: how many for-hire trucking firms travel a particular route?; how many firms are carriers of a certain commodity?; how many firms carry a certain commodity along a designated route? In general, the deregulators claim that studying the industry in such a manner leads one to conclude that it is monopolistic or oligopolistic.

Monopolistic conditions often result in operating inefficiencies. In a non-competitive, protected market, a firm is less likely to concentrate on labour and time saving methods. Consequently, costs are likely to be higher than under competitive conditions.

Operating inefficiencies are not synonymous with a monopolistic market. Often firms in such markets are extremely cost conscious. However, other dangers exist. Under competitive conditions, a firm, in order to maintain a share of the market, must operate close to the point where marginal costs equal average costs.* Failure in this respect would result in the firm losing its' customers. Similar constraints do not exist for the monopolistic firm. A sole firm in the market can arbitrarily raise its prices. Although such firms lose a certain percentage of their clientele, they often find it more profitable to service a small market at high prices.

* If a homogenous product exists, the firm must operate exactly at the point that marginal and average costs are equal. If this is not done, the firm will lose all its' business. However, product differentiation allows the firm a certain amount of latitude. In the trucking industry, a great deal of product differentiation exists. Two truck rides are certainly not identical.

Deregulators concern themselves not only with monopolistic prices and practices. Equally important to them are the costs that regulation impose. Licences themselves have costs and these costs are necessarily reflected in tariffs. However, it is not the official licence price that inflicts heavy burdens on the consuming public. Rather, it is the capitalized value of licences that has the most extreme effects. The difficulty in obtaining PCV authority results in licences being sold at extraordinary prices. The deregulators claim that scarcity has resulted in licences commanding a price far in excess of their official price. It is this aspect of licensing which has the most severe impact on tariff rates.

In order to apply for a licence, it is necessary for the prospective applicant to appear before a board. Board hearings are often long and involve numerous witnesses. The hearings can be extremely costly for the new applicant, and have several results. If the applicant is successful in acquiring the new licence, he will attempt to recover his costs from his customers. If he is unsuccessful, the costs of applying might deter him from entering further applications. Consequently, the continuation of the monopolistic aspects of the trucking industry is further facilitated. Many who desire entry into the industry may never apply. Prospective applicants might hold the opinion that the possibility of gaining a licence is slim, and thus, they are unwilling to forfeit their financial resources to costly hearings.

Regulation entails yet another cost on society. Rules and restrictions are not followed by all. In order to enforce regulation, a small army of administrators is necessary. The costs of administration are paid by the tax payers of the jurisdiction.

The economic costs that trucking regulation imposes on society are not limited to higher tariff rates. Those favouring deregulation maintain that regulation misallocates resources. One of the basic conditions in order for optimal resource allocation to prevail is that resources may freely enter and exit any market. Only under this circumstance will capital be allowed to engage in its most productive use - i.e. the activity that generates the highest rate of return. Obviously, trucking regulation that controls entry, deters the ability to maximize the benefits of economic resources.

Regulation of the for-hire trucking industry not only misallocates the resources of society in general but distorts the markets of competing transportation modes. Both inter and intramodal competition are affected by regulation. Regulation of for-hire trucking makes the industry less attractive than private trucking carriage or rail carriage.

The general position of the deregulators is that with elimination of entry control many economic costs to the industry and to society will be removed. Whether deregulation will result in more or less capacity in the for-hire trucking industry, is both inconclusive and unimportant. The important point is that deregulation could give society more benefits with the same economic resources. Presumably such a result would raise the general welfare.

Deregulators claim that trucking regulation hampers technological innovations. In their view, regulation results in inertia in the system and a satisfaction with the status quo. The mere fact of a protected

market stifles progress. In a competitive market there exists a constant pressure to innovate and adapt to change. Attempts by individual firms to increase their share of the market leads to a forward looking industry. Consequently, the industry has a progressive thrust.

An important contention of deregulators is that regulation adversely affects the quality of service within the for-hire trucking industry. The existence of the monopolistic markets created by regulation allows trucking firms to ignore customer needs. If business can not be taken elsewhere, firms will not stress quality of service. Thus, standards of dependability will be low, delivery will be slow, and losses and damages will be high.

Aside from the voluntary operating inefficiencies that monopolistic conditions allow the firms, regulation forces certain inefficiencies on the for-hire trucking industry. Regulation forces firms to abide by existing route restrictions. Decontrol of entry would allow innovation. In time, a restructuring of routes would occur; a more rational route method with more efficient utilization of vehicles would be developed.

It is commonly suggested by the deregulators that regulation increases empty miles.* If deregulation had the effect of eliminating the inefficient competitors, thus lowering the overall number of firms in the industry, empty miles would necessarily decrease. Lessening of route and commodity restrictions, combined with the decrease in the number of

* Empty miles are those miles which a truck travels without a haul. The question of empty miles is discussed in Issue 4 of this overview. It is concluded that a certain percentage of empty miles is inherent in the industry and has little or no bearing on the question of regulation. Under Issue 1 the discussion of empty miles is focused only on those that depend on regulation or deregulation.

firms would result in more flexibility and increased business for each truck. However, if deregulation increased the number of firms in the industry, there would be no guarantee that empty miles would decrease. Although increased flexibility would prevail, less business per firm could actually increase empty miles. In a situation such as this, the deregulators claim that increased efficiency in other aspects of trucking would more than offset the detrimental effect of increased empty miles.

If the former condition prevailed, other benefits would result: the decrease in empty miles would result in less highway congestion, lower consumption of scarce energy resources, and a cleaner environment.

An important aspect of the deregulators' argument is the contention that a free market is possible in the trucking industry. There exists two basic market structures that cannot operate freely - those that possess natural barriers to entry (the natural monopoly) and those that are destructively competitive.

The natural monopoly is characterized by decreasing unit costs over the entire industry; that is, the existence of large economies of scale. Those in favour of regulation never argue that trucking is a natural monopoly. Consequently, the deregulators do not address this question.

The regulators claim that it is the existence of destructive competition in the industry that necessitates regulation. A destructively competitive industry is one in which competition is so intense that the quality of service can not be maintained without restrictions.

Economists have established certain structural criteria which are found in destructively competitive industries. The most important element is high fixed costs in relation to total costs and long periods of over-supply. This will result in extended time spans where marginal costs are below average costs.* If the number of sellers are large in comparison to market size, it is unlikely that sellers will act on their joint interests and avoid competition. Consequently they may operate at a loss for considerable time spans.**

An analysis of the trucking industry illustrates that it contrasts sharply with the structural criteria set out above. In the trucking industry fixed costs are not high; in fact they are extremely low. (A widely accepted view is that ten percent of trucking costs are fixed and 90 percent are variable.)***

Ideally, a firm attempts to price its service at a level that will cover costs and provide a reasonable rate of return. Even if this is not possible, a firm will always attempt to cover its variable costs. If the firm does not recoup these latter costs, it will drain its financial resources and eventually face bankruptcy. The high percentage of variable costs in the trucking industry insulates it from long periods of revenues substantially below costs. A. Kahn explains this idea in The Economics of Regulation:

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- * That is, the added cost of producing one more unit of output is lower than average costs (where average costs are simply total costs divided by total output). In this type of situation, the businessman will find that he can maximize his profits (or minimize his losses) by pricing his product at the level of marginal costs.
 - ** The periods of operating at a loss arise because average costs are higher than prices (set equal to marginal costs).
 - *** Kahn, A., Economics of Regulation V2, John Wiley & Sons, Inc. N.Y., N.Y. 1971, p. 179

"..... since it is variable costs that fix the floor below which prices cannot go (at least not for very long), a low ratio of variable to total costs means that price can for extended periods of time fall far enough below average total costs for a large enough proportion of firms in the industry to threaten its ability to provide continued service."*

A second argument advanced by the deregulators is that trucks, which are the major investment of the trucking industry, inherently possess characteristics which reduce the possibilities of persistent excess capacity. The short life of trucks results in the carriers constantly deciding whether to replace their capital equipment. Presumably, if revenues do not cover costs, they will neither desire, nor be able to, replace their capital investment. In the trucking industry additions to capacity may occur in small increments. Investment in a truck is a rather small investment. This situation is vastly different from an industry in which economies of scale are large and additions to capacity, in order to be profitable, involve large investments. Thirdly, because trucks are mobile, they can move in and out of various markets as demand warrants. The short life of trucks, the small investment in the acquisition, and their mobility, suggest that long periods of over-supply in the industry are highly improbable.

Another characteristic that protects the trucking industry from destructive competition is the existence of product differentiation. Often customers will not do business with the lowest cost carrier if they are of the opinion that the low cost is offset by low levels of dependability, safety, speed or responsibility. Thus, destructive competition in the form of rates set below costs will not always drive established trucking firms to the point of bankruptcy.

* Ibid, pp 178-179

The historic reason for implementation of regulation, generally is to protect the public interest. Regulation is enacted to curb private economic power or to provide overall stability. The deregulators are concerned that, over time, regulation has evolved into the protector of the trucking industry. D. L. McLachlan, a professor of economics at the University of Calgary, and a prime spokesman for deregulation writes:

"..... trucking regulation has not served Canada well. Its supporters are (i) most truckers, especially their trade associations; and (ii) most provincial governments."*

Deregulators, in an attempt to prove that their position is not utopian and is indeed feasible, often discuss experiences in other countries. Thomas Gale Moore studied the effect of regulation in five European countries: Great Britain, West Germany, Belgium, the Netherlands and Sweden. He concludes that:

"Strict regulation leads to higher rates, poorer service and a decline in efficiency. The outcome of deregulation is quite apparent in Great Britain and Sweden. Deregulation, while resulting in lower rates does not lead to cut-throat competition or instability."**

In West Germany, where strict regulation of the trucking industry exists, Moore notes that there is some evidence of poor service to remote areas. However, in commenting on the other four jurisdictions he writes:

"In none of the remaining countries studied were there any reports of difficulties in securing professional trucking service to remote areas. Even Northern Scotland

* D. L. McLachlan, "Canadian Trucking Regulations, in The Logistics and Transportation Review, Volume 8, Number 1, 1972 (in CFIB brief)p 5

** Moore, Thomas G., Trucking Regulation, Lessons from Europe, American Enterprises Institute for Public Policy Research, Washington, D.C., 1976, pg. 4 - 5

and northern Sweden seemed to be well served. We can conclude therefore that strict regulation leads to poorer service than is offered in a relatively free market."*

Of the countries studied by Moore, only Sweden has conditions similar to those of Ontario. Sweden is a large country with a sparse population, a rough terrain and a harsh climate. Liberalization of regulation has not adversely effected small Swedish communities; consequently, the deregulators conclude that elimination of regulation in Ontario would not result in the disappearance of service to outlying areas.

* Ibid, p. 128

THE THEORETICAL ARGUMENTS FAVOURING REGULATION

The basic arguments of those favouring trucking regulation are:

1. Regulation does not cause overall transportation costs but shifts price structures;
2. Regulation does not allow firms to be insensitive to prices and costs because of (a) shipper pressure, (b) competition from other modes, and (c) fear of further trucking opposition;
3. Free entry would be detrimental to those who paid the capitalized value of a licence to operate;
4. Deregulation would have adverse social affects; (a) low wages, (b) long hours of work, (c) unsafe vehicles and (d) ruination of small truckers, small shippers and small communities;
5. The trucking industry is inherently chaotic and unstable and in order to function must be regulated;
6. Regulation is necessary to maintain the quality of service;
7. Non-economic considerations justify regulation;
8. Deregulation would allow foreign carriers to operate freely, resulting in a loss of business for Ontario truckers;
9. Despite all the criticisms of regulation, it works.

The pro-regulators are of the opinion that regulation, rather than resulting in higher overall costs, merely modifies the tariff structure. The most attractive traffic (full truck loads) often pays slightly higher tariffs given regulation. However, the less attractive traffic (less than full truck load) often encounters tariffs that are significantly below costs.

Consequently, regulation results in the upper and lower limit of the tariffs being less extreme. However, this equalization of rates does not imply higher overall costs.

The regulators argue that within the system pressures exist which curtail truckers from acting in an monopolistic manner. If trucking firms were insensitive to cost and time saving mechanisms, they would lose their markets. Whether for-hire trucking firms have monopolistic positions or not, enough competing modes of transportation exist so that operating inefficiencies will not be tolerated. Another key aspect that is significant in producing trucking efficiency is shipper pressure. To a large extent, shippers have a collective voice. Although not all shippers are organized, there are important shipper groups. These groups are extremely verbal and aid in forcing trucking firms to operate competitively.

The same two forces (competition and shippers) that result in the trucking firm being cost conscious, also act to assure a reasonable rate of return. Excessive profits* will result in the trucking firm suffering from diminishing markets and shipper opposition.

A further consideration of existing trucking firms is the possibility that other firms will be licensed. Fear of competition often curtails any oligopolistic tendencies which accompany regulation-

* As a result of operating at a point where marginal costs do not equal average costs.

Those favouring regulation often mention the plight of truckers who have paid the capitalized value of their licence to operate. Many trucking firms did not appear before the Board in order to acquire their licence. Instead, they were purchased from other operators. Demand for PCV licenses is so significant that they command a price far greater than their official price. Deregulation would completely eliminate the benefits of those who have invested in licenses. The pro-regulators claim that any move that depleted investments in licences would be discriminatory.

Deregulation would have adverse social effects not only for truckers, but for other sectors of society as well. Presently, organized labour predominates in the trucking industry. As a result wages are adequate, the hours of work reasonable, and a good standard of safety is maintained. The regulators believe that free entry would result in many additional entrants into the industry. Many of those who enter will be brokers who will work long hours at inadequate wages. Many of these operators will not maintain safe vehicles. In general, highway accidents would increase. Consequently the traffic safety of the general public would be jeopardized.

The pro-regulators also maintain that it is the political interests of the province and the nation to protect the small family trucking business, the small shipper, and the small community. Free competition could result in small truckers, who are less efficient and less competitive, losing their entire life savings. Small shippers and the smaller communities in Ontario, so the argument goes, would find that in the absence of regulation service quality would drop.

The pro-regulators are not only concerned that deregulation would be harmful to certain sectors, but fear the impact of deregulation on the trucking industry. The over-supply, as a result of the additional entrants (that deregulation will bring), will have serious effects on rate structures. Consequently, the stability of the industry would be in jeopardy. The regulators claim that the low investment threshold in the industry results in many irresponsible people entering. These people, because of their lack of knowledge of cost conditions, operate at a loss. Such practices force other operators to do likewise in order to remain competitive.

Thus, historically, the argument for regulation is based on the theory of destructing competition. Without regulation, the argument goes, the extreme competition would lead to many small inefficient firms, a high bankruptcy rate, and a lower level of service. Minimal economies of scale and low capital requirements are offered as the factors leading to, or causing cut-throat competition.

As evidence of the existence of destructive competition, the pro-regulators cite the period immediately prior to entry control. The following is an appraisal of the United States trucking industry prior to the Motor Carriers Act:

"there was then a surplus of transportation of all kinds. Competition became destructive. Large numbers of small operators were engaging in motor transportation. Their rates were not published. Many of the smaller operators were not aware of the costs of doing business and they made such rates as seemed required to secure traffic. Many of them failed and went out of business, but others promptly took their places. There was no rate structure, variations in individual rates were wide, rates were constantly changing, charges to various shippers using the same carrier were often different, and the service was

neither stable nor reliable. Shippers found it increasingly difficult to do business with motor carriers because of the unreliability of service and the financial irresponsibility of many of the carriers, and they were distressed at fluctuating rates and differential treatment."*

The argument, which may conveniently be called the "chaos"**. argument for regulation, is not seriously disputed - at least in an historical sense - in the submissions to the Select Committee. What is at issue, however, is the relevancy of this argument in today's world, several decades after the great depression.

Some regulators, rather than concentrating on the non-feasibility of the free market, focus on the quality of service. For many regulators, the important question is quality of service. To promote the general economic development of Ontario, protection of the trucking industry is necessary. In a purely competitive market, it is unlikely that revenues would be high enough to provide daily service to all parts of Ontario. If deregulation and a more competitive market was instituted, monopoly profits would be reduced. However, for the same quality of service, subsidies by the tax payers would certainly increase.

Many regulators argue that it is non-economic assumptions on which they base their position. Economic efficiency often involves value judgements that are opposed by regulators. Generally, the economist opposes internal

* Marvin L. Fair and Ernest W. Williams, Jr. Economies of Transportation, rev. ed. (New York: Harper & Bros., 1959), p. 488 in Kahn op. cit. p. 178

** The historical background to the "chaos" argument is outlined in A. Kahn, Op. Cit., and in several other works.

subsidization. However, governments and regulators are often of the opinion that certain sectors deserve subsidization. In the case of trucking regulation, they are maintaining that aid is necessary for those in remote areas.

The regulators believe that if there is no method available which achieves the goals of society and maintains economic efficiency, then regulation is a possible option.

In discussing deregulation, it must be remembered that Ontario is surrounded by other jurisdictions. All the other jurisdictions regulate for-hire truckers. If deregulation were introduced in Ontario, any trucker would be able to come into the province and solicit any traffic available. It is possible that such activity could have extremely detrimental effects to the Ontario trucking industry. Deregulation would mean more competition not only on traffic between Ontario and other jurisdictions and vice versa, but on internal Ontario traffic.

Perhaps the most compelling argument for regulation is that the current system works. Goods are transported with reasonable efficiency. Technical improvement does take place. The system is not stagnant.

● Submissions in Support of Continued Entry Regulation

Of the submissions that address the question of easier entry, the CTA, the OTA, the CITL, the Teamsters Joint Council #52, Ryder Truck Rental, and the briefs of licensed carriers, call for continued regulation. The CTA, the OTA, J. Kanuka, and the licensed carriers all represent the interests of the licensed carriers. The others in favour of regulation also represent special interests. The CITL, although opposed to deregulation, favours the right of shippers to lease vehicles and employ drivers from the same source. The Teamsters Joint Council's interest obviously lies with organized labour: the PCV authorities in general employ union labour, whereas those without licences generally do not employ organized labour. Ryder Truck Rental, while agreeing with regulation of the for-hire trucking industry is opposed to regulation of leasing companies.

The most complete and comprehensive support for continued entry regulation is found in the submission of the OTA. The arguments they adduce to support their position are of two types. First, there is the general argument that under the present system of entry regulation the trucking industry is providing good service at reasonable rates (there are no monopoly profits, there is an adequate supply of equipment, all shippers and communities in Ontario are being served, new licence authorities are granted when the need arises, etc.) Secondly, there is the general argument that in the absence of regulation, chaos would result (destructive competition, excess supply, rates below costs, loss of service to smaller communities, higher rate of bankruptcies in Alberta, falling maintenance standards, experience of dump truck industry, unfair competition from foreign carriers, survival of smaller carriers, etc.)

One of the OTA's points is that no monopoly profits are currently being earned by the industry. Evidence is given that the industry has on average an operating ratio of .97. Without disputing their evidence (which we assume to be valid), there may be two flaws in the position the OTA is attempting to advance. First, an operating ratio tells us nothing about the rate of return on invested capital.* Second, an operating ratio begs the question as to whether or not there are additional costs imposed on an industry because of regulatory inspired inefficiencies.

The OTA raises the very serious problem of servicing small remote communities. However, while not disagreeing with the validity of the OTA position, it could be argued that if the costs of services are higher to these areas then these costs should be reflected in the price of transportation. If the for-hire carrier industry can collect revenue sufficient to cover costs and a reasonable profit, these areas will continue to be serviced.

● Submission in Support of Deregulation

The submissions that support easier entry are those by the Ontario Members of Meat Packers Council, the Organization of Independent Truckers, Consumers Glass Company, the Canadian Federation of Independent Business and the Canadian Manufacturer's Association. It should be noted that the majority of these organizations represent the interests of shippers, or the "illegal" carriers.

* For example, conventional wisdom says that a 1% earning on sales for the retail grocery business is adequate and - at least historically - and 8% return on sales for the trucking industry is adequate, or at least a goal whose attainment is desirable. Both of these bits of conventional wisdom may have some historical veracity given the amount of invested capital in the retail grocery and the trucking business, but - and this is the point - without knowing the amount of capital involved (and relative risks, etc., etc.) no one can test these hypotheses.

The position of those in favour of easier entry into the for-hire trucking industry is best represented by the Canadian Manufacturer's Association. The CMA's submission explains the structural reasons why cut-throat competition and over-capacity are unlikely. The Organization of Independent Truckers, although attempting to prove the benefits of deregulation, ignore many of the necessary arguments. However, the OIT, despite this weakness, makes valuable information on the effects of deregulation in other countries available. The experience of the Australian trucking industry which was deregulated in 1954 is particularly worth studying.

It is often argued that regulation is necessary in order to maintain certain standards within the trucking industry. However, rules of this sort need not be linked with entry regulation. Rules applying to driver safety, vehicle standards and insurance requirements are possible without entry regulations.

● Exemption of Certain Commodities

Hearst Lumbermen's Association, while not favouring complete deregulation, has put forward the position of partial deregulation. The H.L.A. brief is alone in requesting additional exemption of commodities. Specifically, they call for the exemption of lumber carriers from the PCV Act.

The H.L.A. maintains that the extreme competitiveness of the lumbering industry results in efficient delivery of the product as a necessary condition for firms to survive. They state that licensed carriers are acquiring practically all the share of lumber haul which they are prepared to carry, due to their equipment limitations.

The evidence presented by the licensed carriers, contradicts the H.L.A. assumption that PCV authorities have little additional lumber hauling capacity. In 1974, MacKinnon Transport Ltd. encountered 400 empty hauls in the area north of North Bay along Number 11 Highway and west on Highway 17. In 1976, not a week has passed in which MacKinnon did not have an empty backhaul from Northern Ontario.

Manitoulin/Cooper Transport Ltd. has had experiences similar to those of MacKinnon. The firm has 29 tri-axle trailers and 12 four-axle trailers capable of hauling lumber. They offer trailers for lumber haul daily. Manitoulin/Cooper have offered greater capacity than has been required for lumber hauling.

The OTA brief refers to a study conducted by the Ministry of Transportation and Communications. The study found that in the Hearst region (Districts of Cochrane, Timiskaming and that portion of Nipissing north of North Bay) there would be a shortage of trailer capacity if 30 percent of the available trailers were used to haul other products or if the lumber manufacturers withdrew from participation in rail agreed charge contracts.

OTA appendices 12 and 13 indicate that a PCV authority for the hauling of lumber in the Hearst region is not difficult to acquire.

The evidence presented by MacKinnon suggests that the H.L.A. assumption of under-capacity for hauling lumber on the part of PCV licensed carriers is not true. However, if the shippers do encounter under-capacity, further PCV licenses are easily obtainable.

● Conclusions

All of the submissions reviewed suffer from one common drawback: their arguments, either for or against entry regulation, are largely unsupported by hard statistical evidence. This is because there is little statistical data on the Ontario trucking industry.

On the side of the deregulators, we have the arguments that regulation increases overall transportation costs, misallocates resources and creates inefficiencies. Also support for deregulation includes the theoretical argument that structurally, the trucking industry does not meet the criteria established for truly destructive competition.* The experiences cited in certain other countries tend to question the validity of the "chaos" argument. This much is clear: the remaining arguments of the deregulators lack conclusive proof. None of the submissions demonstrate that entry regulation in Ontario has led to inefficiencies, resource misallocation, or higher costs.

The arguments that in the British experience rates on TL traffic dropped by 10% after deregulation may only demonstrate the existence of cross-subsidization (to be discussed below) and may not prove that an inherently regulated industry operates with higher costs.

Empirical work (such as that by D. L. McLachlan) in Canada is not conclusive on this point. If all other things were equal (geography, load factors, population density, type of traffic, etc.) regression analysis may prove the higher costs of regulated jurisdictions; however, "other things" are

*To repeat an earlier point, a truly destructively competitive situation would have to involve long periods of excess supply and prices low enough that revenue requirements are not achieved.

not equal. (As one small refutation of McLachlan's findings, consider that the lowest rates on household goods movements are probably found on intra-Manitoba moves - a regulated province, and the highest rates in Canada are found in B.C. - a regulated province and Ontario - a partially regulated province.)

On the side of the pro-regulators, there is some agreement that lack of regulation can lead to somewhat unstable conditions (the higher rate of bankruptcies in Alberta, the experience of the Ontario dump truck industry, the experience of the trucking industry during the depression, etc.) What is not clear, however, is at what point this greater degree of instability becomes harmful.

The contention that the small truckers, the small shippers, and the small communities would suffer as a result of deregulation remains a contention only (in fact, the experience in Sweden may even refute this). (This point is discussed again under Issue 3 below.) The argument that complete deregulation may lead to problems with foreign carriers is not refuted and is probably valid. The arguments that deregulation leads to lower standards (maintenance, longer hours, etc.) could be answered by providing legislation to handle these problems.

"no one, not even the proponents of deregulation, suggest that regulation of financial responsibility, insurance requirements, vehicle safety requirements or driver requirements should be eliminated." (OIT submission, pg. 35)

2. MARKET STRUCTURE - MOTOR TRANSPORT INDUSTRY

Generally the submissions and other available studies are inadequate in their analysis of the market structure of the motor transport industry. Although some data was collected (particularly by the OTA), this information is not sufficiently detailed to describe the industry as clearly as might be desired. Specifically, there is very little information on private trucking (a constant problem in studies of the Canada motor transport industry), sources of competition, and foreign ownership.

● Is the Industry Oligopolistic?

Oligopoly is a market structure characterized by a small number of firms and a great deal of interdependence among the firms. One of the primary reasons for the growth of oligopolistic markets is the predominance of economies of scale. The pure oligopoly is characterized by firms producing homogeneous products.

On the surface, the trucking industry as pictured in the submissions does not resemble the above model. The OTA which represents a significant proportion of the industry, claims 1,288 members. For those firms on which it has data, 72% operate with less than ten vehicles. Countering this, the CMA believes (or fears?) that regulation does create monopolistic or oligopolistic situations, however, no evidence is given to substantiate this position.

From the evidence available, it is difficult to determine the degree to which the industry is or is not oligopolistic. The total number of firms in Ontario is somewhat irrelevant. What is of importance, for example, is the number of Class A haulers licensed on specific lanes, or the number of Class C haulers licensed for certain communities, etc., etc. In other words, although the trucking industry as a whole does not produce a homogeneous output, specific situations (general freight, LTL, Peterborough/Toronto) may be characterized as homogeneous and judged to be or not to be oligopolistic.

● Are There Natural Barriers to Entry?

The most common opinion -- in fact one of the most common arguments given in support of regulation -- is that there are very few natural barriers to entry (low initial capital requirements, etc.). "Natural" in this sense is non-regulatory inspired. The CMA comments on this question in their submissions. They observe that a natural barrier to entry exists; (1) where large economies of scale predominate; (2) where fixed costs are so high that for an industry to make profits competition is infeasible. They cite S. Joy, "Road Haulage in Australia"; 1964 Oxford Economic Papers p. 279 as evidence that the trucking industry does not possess either of these characteristics.

There are, obviously, regulatory imposed barriers to entry, and the various submissions strongly disagree as to both the necessity and the severity of these barriers. On the one hand, the OIT argues that because of the cost of appearing before the Board and because of a certain inertia in the system, the regulatory barriers are too severe.

On the other hand, and the evidence they provide supports their position, the OTA argues that new licenses are granted (to either new or existing carriers) as the need arises.

- Is the Industry Predominantly Foreign Owned?

Too little evidence on this question is available to pass comment.*

- What is the Source of Competition?

Very little evidence -- except, of course, in the case of "illegal" operators -- is given on the question of competition.

- Is there "Perfect Knowledge"*** of Shippers?

Given that none of the submissions representing shipper interests seriously complained about the lack of knowledge,*** one would have to conclude that this is not a major point. Further, the OTA's submission refers to their organization's Ship-by-Truck Directory which lists all carriers (whether they are OTA members or not) and all communities. With this document in hand, a shipper would only have himself to blame if he did not have, or could not get through the medium of the telephone "perfect knowledge".

* The OTA submission mentions in passing, page 67, that some Ontario companies are subsidiaries of U.S. firms. It is also common knowledge that British and Australian interests are involved in the Ontario trucking industry.

** Perfect knowledge is an utopian concept. In its classical form, all involved in the market must be familiar with all the activities of the industry for "perfect knowledge" to exist.

*** The shippers do complain, however, of not having access to the rate committees of the tariff bureaux. See below, Issue 3.

3. RATE MAKING

The submissions in general contain a substantive amount of material pertaining to rate making. An important question addressed by several briefs is the need for an appeal body: the Ontario Trucking Association, the Canadian Tariff Transport Bureau Association and the Ontario Northland Transport Commission all call for the institution of a review procedure. Under this procedure, the general public would have the ability to challenge rate increases which it considered unjust. The CTTBA suggests that any such appeal body should be authorized to hold joint hearings with the Quebec Transport Commission and be able to adjust rates in the manner called for by the evidence presented.

The recommendations of an appeal body could be of particular importance if regulation of entry continues in the current fashion. Restricted entry, some argue, can lead to collusion on the part of existing firms and unreasonable profits. The existence of an appeal body will act as a preventative measure to this type of behaviour. Deregulation, of course, would make the industry more competitive and thus lessen the need for an appeal body. The CTTBA makes the suggestion that any application to such a body be accompanied by a fifty dollar charge in order to avoid frivolity.

Since 1963, every public carrier in Ontario having more than four vehicles (and all class 'H' carriers) licensed under the PCV Act have been required by law to file their tariffs with the OHTB. Presently, Class 'E'; 'FS' and certain 'F' licencees have been exempt from this provision. The Ontario Trucking Association proposes mandatory rate filing for all public carriers.

The Canadian Industrial Traffic League is in favour of rate filing for freight forwarders. As public carriers, they argue, there is no reason for them to be exempt from rate filing.

● Do Rates Reflect Direct Route Mileage? Costs?

No direct evidence is introduced on this issue; however, any empirical work on trucking rates show that mileage (which, of course, affect costs) influences rates. This is not to say that rates vary directly with mileage. There are many mitigating factors: (i) certain non-mileage related costs (for example, pick-up and delivery costs) decrease in importance, on a per mile basis, the longer the haul; (ii) certain traffic lanes or certain commodities have better load factors and therefore rates on two equidistant hauls in different areas may differ; (iii) certain lanes may have better back hauls and this may be reflected in rates; (iv) competitive factors (rail, private trucking) may lessen the strict adherence of rates to mileage in certain areas of the province.

In jurisdictions where uniform mileage rates are imposed by regulatory authorities, problems have occurred simply because the above factors have been ignored.*

● Effect of Tariff Bureaux on the Making of Equitable Rates

The submissions that concern themselves with the effect of tariff bureaux on rates divide into two camps. Those, such as the Niagara Frontier Tariff Bureau or the Canadian Transport Tariff Bureau Association,

* R. K. House & Associates Ltd., Manitoba For-Hire Trucking Industry Productivity Audit, February, 1974. Or, for example, see H.L. Purdy, Transport Competition and Public Policy, UBC Press, 1972 for a discussion of why rates may and do deviate from a strict mileage correspondence.

that claim (i) the bureaux are of a great service to their members and to shippers (distributing and consolidating information), (ii) bureaux aid interline arrangements (iii) and bureaux perform a whole host of functions (cost studies, traffic studies, rate filing, self-policing) that would not be possible for individual carriers. The second camp, for example the CITL, do not seriously dispute the claims of the bureaux, but they do argue that bureaux impede the filing of independent actions by individual truckers.

The authors of this review have recently completed a study of motor carrier tariff bureaux in Canada, and the conclusions are of some interest in the present context.

"If it is possible to state the conclusion of this study succinctly, it is perhaps this: the popular notion that the tariff bureaux operate solely in the interest of the carriers and to the detriment of the shipping public would appear to be erroneous. The evidence that has been gathered suggests that the tariff bureaux, perhaps not as a matter of primary intention, but as a matter of fact, play a vital and important role in the functioning of the for-hire motor vehicle industry. They make possible the participation of small firms in national and international movements and, therefore, may enhance the competitive climate of the industry. On the shippers' side, they provide a source of information on rates, tariffs, competing carriers and so forth. By having a central institution as a reservoir of this information, the potential shipper can easily determine the rates at which he is able to have his commodities transported. There may, however, be features of the role of the tariff bureaux which off-set these positive advantages. In a study of this nature it has not been possible to either confirm or repudiate the suspicion that bureaux may have an adverse effect on rates for example."*

On the specific point of whether or not tariff bureaux impede the filing of independent actions, the CTTBA writes in their submission:

* R. K. House & Associates Ltd., Tariff Bureaux in Canada: A Study Prepared for the Department of Transport, Ottawa, August, 1976, pg. 2.

"Bureau tariffs presently contain many items issued on an independent action basis; in fact, 43% of items published in the Bureau's Tariff No. 90-D, which is the main commodity tariff governing rates within Ontario, are of an independent action nature." (pg. 11)

And, from the study referred to above:

(commenting on the NFTB)

"Although the right of independent action is guaranteed both by Bureau By-Laws and by United States laws, Bureau members do not find it necessary to use these procedures." (pg. 82)

(commenting on the CHGCTBA)

"In recent years, the household goods tariffs have been increased once or twice a year by means of general rate increases. Although independent actions and flagging are permitted, historically, they have been rare for these tariffs.

"Frequent and irregular changes (increases and decreases), however, are the rule for the other Bureau tariffs. For these tariffs, general rate increases are not used. Here too, independent actions are permitted and are quite common." (pg. 69)

● 30-Day Filing

Ontario Northland Transportation Commission, the CMA, and the Ontario Members of Meat Packing Council all favour immediate effectiveness of rate decreases. On the specific issue as to whether or not 30-day filing makes the industry less competitive, no clear answers or evidence is given in the submissions. One would have believe, however, that the fact that certain carriers do not have to give 30 days notice and the fact that rate decreases require 30 day filing could not assist competition. The unanswered question of course is the severity of the issue.

● Is there Cross-Subsidization?

The existence of cross-subsidization is central to the whole regulate/deregulate argument. On the one hand, if it can be shown that regulation has led to cross-subsidization - particularly TL over LTL, and perhaps to a smaller extent the large community and large shippers generally subsidizing the small community and small shipper, then the deregulators can make a strong case for letting the open and unregulated market forces bring rates into a more cost oriented position. The converse side of the argument on the part of the pro-regulators is either that cross-subsidization does not occur or that if it does it benefits the small shippers and small communities.

The submissions to the Select Committee, although not lacking in opinions on the subject, have a paucity of any "hard" information on the subject. The first impression that one is left with after reading the submissions of the licensed carriers is that, although some of them may not want to say it in so many words, cross-subsidization does exist.

The OTA's stance that "there is no fat in the present rate levels charged by the regulated industry, considering their present service obligations etc." may be true in the aggregate but it would not appear true for all traffic. Although the OTA does not admit this in so many words, it is difficult to impute any other meaning to phrases such as "select traffic", "attractive traffic", etc. versus phrases such as "less attractive traffic", "unprofitable traffic", "marginal traffic", etc. The point is, if all rates were totally cost-based why would any traffic be more or less attractive (from a revenue or profit point of view) than any other traffic? One is led - simply by the logic of the OTA's own arguments - to

the inescapable conclusion that the traffic the regulated carriers are losing to the "illegal" truckers is the very traffic where rates are cross-subsidizing the less attractive LTL traffic.

Other submissions from regulated truckers (Manitoulin/Cooper, Thibodeau-Finch) are more candid in their comments on cross-subsidization.

"Leasing companies with direct affiliation to driver pools have had a highly adverse effect on our business. These parasites have zeroed in on the best business enjoyed by our company, business which went a long way to offset the large amount of losing business which every class 'A' carrier handles for the 'privilege' of being a franchise holder." (Thibodeau-Finch, pg. 8)

To digress for a moment, it is impossible at this point not to add a further comment on Issue #1: Control of Entry Through Regulation. In some ways the issue of cross-subsidization lies at the very heart of the issue of entry control -- particularly with respect to Class A carriers. Although there might be some disagreement as to a strict definition of cross-subsidization, let us for the moment define it to be a situation where the price of one product (say LTL freight) is set below marginal costs and the price of another product produced by the same firm (say TL freight) is set above marginal cost.*

If, as a matter of public policy, it has been decided that a particular jurisdiction wants to have a regulated trucking industry somewhat like a public utility, it may be entirely possible for the resulting rate schedules

* The disagreements may occur in the case of an industry with economies of scale. That is, where marginal costs (the costs of producing one more unit of output) are below average costs, prices set equal to marginal costs, will result in a revenue shortfall. In the absence of government subsidies, this particular industry will have to set some prices above marginal costs. Although elaborate rules can be invoked (inverse elasticity rule) to suggest how far above marginal costs prices "ought" to be set, in the absence of reliable information on demand elasticities, disagreements can and do occur on just when cross-subsidization takes place.

to give the appearance of cross-subsidization. To elaborate on this, a class A trucking enterprise that is required by regulation to serve a certain route daily or even more frequently (and this may be true whether or not it is stated explicitly in the licence); that is required to serve any and all shippers; and, that is required to serve all the small communities along its route, is faced with a completely different set of costs than the "illegal" trucker. This latter enterprise does not have the cost of maintaining a string of terminals or call stations, the cost of owning and operating enough vehicles to provide the same frequency of service, etc.

The difference between these two types of operations may be seen in each enterprise's marginal costs of handling TL freight. The class A carrier's marginal cost may well include* some of the common costs of production (a portion of terminal costs, "daily service costs", etc.) and therefore be significantly higher than the marginal costs of the "illegal" hauler. This may well lead the casual observer to conclude that the TL rates of the class A carrier are subsidizing the LTL rates.

The question as to whether or not cross-subsidization occurs hinges to a great extent on the type of operation being considered. To the extent this is true, the decision as to whether a jurisdiction wants entry controls depends on the type of trucking industry desired. On the one hand, deregulation may not exactly lead to the "chaos" envisaged in the trucking industry's submissions -- but it, in all probability, will lead to a re-structured industry with the disappearance of some of the service characteristics of the current industry. (The evidence from Britain supports the

* Much of the "may well include" hinges on the definition and computation of marginal costs.

idea that under this structure TL rates would fall and LTL rates would increase.) On the other hand, continued entry regulation will protect both the industry and the shipper. The licensed trucking firm is similar to the public utility - once given an operating authority service is mandatory (serving any/all shippers) on a regular schedule along a licensed route.

This second option may not automatically mean there will be cross-subsidization, but it may mean different types of costs are relevant in rate-making decisions.

4. EMPTY BACKHAULS

Empty miles has become a major issue as a result of the recent energy crisis, and has become part of the deregulation debate. The Organization of Independent Truckers is of the opinion that deregulation will result in fewer empty miles. They maintain that route and commodity restrictions encourage empty miles. However, they ignore the fact that there exists objective conditions for empty miles that no amount of deregulation can eliminate.

The major factor creating empty miles is the inherent trade imbalances between different areas. Other factors that produce empty miles are: (1) the specialized nature of certain trucks which limits the type of commodities they can haul; (2) the one-way flow of certain commodities in specialized trucks; (3) the high sanitary standards of certain commodities which require cleaning between hauls; (4) lack of planning and co-ordination on the part of carriers, and (5) restrictions on commodities hauled as a result of regulation.

Naturally, empty miles increase the cost of providing service and result in higher rates for the shipping public. Of the factors cited in empty mile creation, only lack of planning and co-ordination, and commodity restrictions represent economic inefficiencies. The other factors represent economic necessity.

The recent increase in the cost of fuel has resulted in carriers becoming more fuel conscious. Glengarry Transport Ltd. explicitly states the effort they have made in reducing empty miles in the past few years. As

empty miles have increasingly become more expensive to carriers there appears to be a generalized attempt to reduce this inefficiency. Carriers, over the past few years, have demonstrated their sensitivity to fuel prices.

Basically, empty miles are inherent in the trucking industry. Whether deregulation would reduce or increase empty miles is impossible to determine. If deregulation resulted in more trucks competing for the same market, then empty miles would probably increase. If deregulation resulted in fewer trucks (the trucks of the most efficient firms) carrying the same traffic, empty miles would probably decrease. Given a similar industry size, deregulation by eliminating route and commodity restrictions would probably lead to a small decrease in empty miles. However, nothing will eliminate those empty miles which are an objective necessity.

5. ECONOMIC AFFECTS OF RECIPROCITY

The briefs that address the topic of licensing reciprocity (plate fees) are in general agreement that extension of reciprocal agreements by Ontario would be beneficial to the Ontario Trucking industry. A most favoured solution is some type of overall agreement between all the Canadian provinces and all the American states. However, until such an agreement is reached, the Ontario Trucking Association, the Canadian Industrial Traffic League, Ryder Truck Rental, Joseph Kanuka and the Michigan Highway Reciprocity Board all urge the Ontario government to enter reciprocal agreements.

The Michigan Highway Reciprocity Board urges the granting of full vehicle registration reciprocity between the two jurisdictions. A Michigan survey was conducted in April 1974, the results indicated that a greater percentage of commercial vehicles with Ontario registration moved between the two jurisdictions at the various location studied. From the evidence of the Michigan study, full reciprocity would be more advantageous to Ontario truckers than Michigan truckers.

The Ontario Trucking Association indicates that reciprocal agreements will result in Ontario Truckers becoming more competitive. Quebec and Manitoba truckers, due to reciprocal agreements that each of their provinces has respectively entered with the United States, are able to move goods to distant points without incurring further commercial plate registrations. Ontario carriers must buy plates in other jurisdictions and this cost is reflected in higher rates.

The Ontario Trucking Association and Ryder Truck Rental urge Ontario to enter vehicle licensing prorating agreements. Under this type of reciprocity, the home jurisdiction issues licences to its own truckers. The cost would be the normal licence fee less the percentage of miles that the truck operates in other jurisdictions. To each of the other jurisdictions the truck owner would pay their normal licence charge less the percentage of miles the truck operates in other jurisdictions. Thus, an Ontario trucker operating ninety percent of his miles in Ontario and ten percent of his miles in Quebec, would be charged ninety percent of the normal Ontario licensing charge and ten percent of the normal Quebec licensing charge.

The various briefs favour the continuation of fuel and sales tax payments by truck owners to other jurisdictions which they operate in and vice versa for non-provincial owners operating in Ontario.

The justification for the continuation of these taxes is that out of province users must make some contribution to the cost of public highways. However, the Ontario Trucking Association, the Canadian Trucking Association and Glengarry Transport Ltd. all urge inter-provincial agreements which would eliminate the payment of duplicate fuel taxes. Such an arrangement presently exists for sales taxes. The Ontario Trucking Association favours the extension of sales tax arrangements to the United States.

The absence of reciprocal agreements has led to economic inefficiencies in the trucking industry. If an Ontario truck owner operates in two jurisdictions double licensing results in higher rates. If a truck owner refuses to pay the extra cost of registration and operates only in Ontario when his deliveries would normally take him out of the province, he

encounters the added costs of border interchanges. Reciprocal agreements would allow lower costs and better service in the trucking industry, and curtail certain impediments to growth in the industry.

The predominant fear of governments is that reciprocity would result in decreased revenue. However, growth in the industry resulting from reciprocity may increase registration taxes, sales taxes, fuel taxes and income taxes. Increased revenues in these areas may act in a balancing manner to total revenues.

6. THE ECONOMICS OF (a) PRIVATE TRUCKING (b) LEASING (c) BROKER DRIVERS FOR THE FIRM AND IN THE AGGREGATE

(a) Private Trucking

There is very little to address on the question of private carriage. Not one brief denies that it is an inherent right of shippers to carry their own goods. The only controversial question is whether private carriage should be allowed to extend to affiliates. The Ontario members of the Meat Packing Council, the Canadian Manufacturer's Association, and the Canadian Industrial Traffic League support legislation extending private carriage.

The one comment in the submissions on the economics of private trucking is the OIT's claim (quoting McLachlin) that there is a higher degree of excess capacity with private trucking than with for-hire trucking.

(b) Leasing

The "economics" of leasing, as the OTA's submission points out, are that leasing avoids tying up capital and that leasing reduces wasteful capacity. This position is not disputed, and the casual observer of the trucking industry could not help but conclude that there are some economic advantages to leasing given the growth in this field over the past decade.*

* For example, although somewhat dated, a comment by Mr. Lawrie and A. Bailey in a 1973 article in Truck Canada puts some perspective on the extent to which leasing has become increasingly popular. "Of Canada's 1 1/2 million truck population, 805,000 were purchased within the last five years. And its calculated that of the latter figure, 62,000 units were put on a lease basis."

(c) Broker Drivers

No real information is contained in any of the submissions on the economics of brokers or owner/operators.*

* This is not to suggest that no mention is made of brokers. Thibodeau-Finch, the OTA, and the Teamsters Joint Council #52 are examples of those briefs that refer to brokers. However, the economic aspects are not addressed.

7. SUPPLY AND DEMAND

Market equilibrium occurs at a price where the quantities supplied and demanded are equal. At any price lower than the equilibrium intersection of the supply and demand curves, the quantity buyers will want to purchase will exceed the quantity producers will supply; this will result in higher prices. The theory works in reverse if a price higher than equilibrium exists.

The economist's curves of supply and demand are an idealization of market mechanisms. They do not provide an exact microcosmic description of the market; in reality exact equilibrium is almost an impossibility.

The cyclical nature of the for-hire trucking industry reduces the odds of attaining equilibrium. In peak season under-capacity is often experienced. The Hearst Lumberman's Association complains of this problem. In the slack season over-capacity is experienced. MacKinnon Transport Ltd. cites the large number of empty backhauls they have experienced in the lumber district.

Although regulation has not resulted in equilibrium it has aided short term stability. Deregulation of entry would not produce equilibrium for the reasons already stated. In the long term, if the experience from other countries is any guide, it would appear that equilibrium to the extent that it is present in a regulated industry may also occur in a deregulated industry. However, in the short term it seems fairly clear that deregulation would result in a fairly high degree of instability. New entrants to the industry would create situations of over-supply. Some firms presumably

would disappear; and, in some local situations (small communities, small shippers) a condition of under capacity may even exist for a period of time until rates had adjusted to the new factors. It should be noted that if deregulation results in instability, social costs are incurred as firms go bankrupt and leave the industry.

8. ECONOMIES OF SERVING SMALL CENTRES

Unprofitable routes do exist: they are primarily those routes that transport to remote centres. Basically, the reasons for unprofitable routes is that tariffs do not adequately reflect costs of service. Glengarry Transport Limited supply an excellent example of this problem:

"Minimum charges according to Tariffs range between \$12.00 and \$14.00 but every carrier will prove that it is costing approximately \$17.00 to handle a single, minimum shipment from door to door."

This is a prime example of revenues not covering costs. Remote areas, for reasons previously stated, are more costly to service than main centres. At present, shippers with low costs of service subsidize those with high costs of service. It is the existence of this subsidization that results in the present servicing of small centres. Subsidization leads to distortion in the for-hire carrier industry; this means that unless deregulation is accompanied by drastic tariff changes, small communities will not be served. Our position has previously been stated: we recommend tariffs that reflect costs of service.

● Freight Pooling

Given deregulation, small centres probably would place more emphasis on freight pooling. Freight pooling certainly represents a valuable service to these areas. It allows small shippers to move their goods at reasonable costs without relying on subsidization from large shippers or society in general. It also conserves scarce economic resources such as fuel.

- Shipper Education

Shipper education obviously would be advantageous. Increased knowledge of the trucking industry would allow a shipper to choose the most dependable, efficient and inexpensive means of transport. Greater awareness on the part of shippers would force trucking firms to maintain a high quality of service and low rates to remain competitive.

9. THE POTENTIAL OF INTERMODAL MOVEMENTS

In general, the briefs have very little to contribute on this issue. There are only two direct mentions of this subject. Hearst Lumbermen's Association notes;

"With some mills located more advantageously to markets (especially mills located in the Quebec Abitibi area) who offer almost exclusive truck delivery to their customers, who are relatively the same as ours, it is gradually forcing the Northern Ontario sawmills to sell their lumber, delivered by truck in order to retain any business."

Glengarry Transport Ltd., expresses the view that deregulation would result in railway express, currently carried almost exclusively by PCV authorities, being moved instead by railway companies.

10. LABOUR IN THE MOTOR CARRIER INDUSTRY

According to the Ontario Trucking Association, most licensed carriers employ union labour whereas illegal truckers do not. Although we have no data available to substantiate this assumption, the other briefs tend to corroborate this statement. Many of the briefs submitted by individual for-hire carriers attribute a portion of their higher costs to the fact that the labour they employ is organized.

Union wages and fringe benefits to drivers and other staff certainly must impose high costs on regulated firms. However, the briefs indicate that the advantages outweigh the higher costs. Thibodeau-Finch Express Ltd. has found that union personnel can be controlled better than non-union personnel in the areas of absenteeism, hours on duty, highway speed and accident frequency. Although union wages and fringes amount to forty-eight percent of their total costs, Thibodeau-Finch Express maintain that this cost is necessary to attract the quality of people that conform to their rigid requirements.

Glengarry Transport Ltd. also considers union labour to be extremely valuable. They maintain that the growth of their company is due to the loyalty and efficient service of their union personnel.

On the question of safety, it appears that the licensed carriers have a better record than the illegal truckers. This is primarily because they employ organized labour. The Teamster brief indicates some of the unsafe practices they have encountered in the illegal trucking sector: (1) very long driver hours; (2) poorly serviced vehicles; (3) disregard of legal maximum load requirements.

Those truckers that employ union labour are subject to collective bargaining agreements which prohibit unsafe practices. The Teamster collective agreements contain extensive provisions on equipment, medical examinations, safety, employee conduct and behaviour, and driving behaviour.

To eliminate the safety disparities between those trucking firms subject to collective agreements and those not, the government must introduce legislation. Equipment and driver safety legislation in the trucking industry must become part of provincial law. A step in this direction would greatly decrease the number of accidents on Ontario highways.

A by-product of this legislation would be the decrease in cost disparities between the PCV authorities and the "illegal" sector. Deregulation coupled with safety legislation, would not result in safe firms reducing their standards to remain competitive, but would result in unsafe truckers increasing their costs in order to meet legislative requirements.

There is very little to say on wage disparity between the organized and the unorganized sectors of the trucking industry. Many other industries are subject to the same dilemma. However, paying higher wages does not necessarily result in a competitive loss for a firm. Often the increased productivity of a good worker attracted by high wages more than offsets the additional costs that the firm encounters.

APPENDIX - G

Summary and Basic Approach

By D.W. Gillen, PhD, Assistant Professor of Economics,
University of Alberta, November 10, 1976.

The following document contains an Overview of the economic issues as outlined by the Committee as well as separate comments and discussions of each of the submitted briefs.

In analyzing the briefs, I have attempted to stay away from arguing specifics, preferring rather to argue on the basic issues and relating specific statements in the briefs to the fundamental economics of the problem. A number of the arguments and discussions in the separate briefs should be considered in conjunction with the issues raised and discussed in the Overview. I have attempted to cross reference as much as possible but time was limited. Basically then, all discussion in the separate briefs should be considered as part of the discussion on the Overview, under their respective headings.

After a thorough analysis, I have concluded that neither service quality maintenance nor back-haul phenomena nor safety nor bankruptcies are necessary or sufficient condition for the regulation of the trucking industry. The non-economic basis of cross-subsidization can only be construed to be a justification for regulation if the same objective cannot be achieved via some less costly mechanism. There is virtually no evidence on this latter point.

Given the overwhelming economic evidence that regulation imposes many types of high costs on the society, one can only conclude that deregulation should take place.

A possible argument for temporary maintenance of regulation is that there does not exist empirical evidence of the costs in the specific case of Ontario. Ontario does not differ sufficiently from other jurisdiction to think that the evidence I have presented concerning the cost of regulation would not hold. If the Committee did reason in this way, it would be incumbent on the Committee to establish a study which would in fact set out to measure these costs. Only then could a just decision be reached regarding the appropriate form, if any, of regulation in the Ontario Trucking Industry.

An Overview of the Economic Issues

Section 1: Control of Entry Through Regulation

Regulation, in the form of entry, imposes artificial restrictions on competitive markets or seeks to supplant the market process. However, the decision to regulate, save that of public utilities, rarely represents a clear break with competition (see for example the OTA submission who suggest entry is in fact rather free, and rate setting is not formally regulated). Entry is a form of regulation which impedes the free flow of resources into or out of a market (or industry) for the avowed purpose of maintaining a satisfactory quality of service (Kahn, 1971); this includes frequency of service, safety and standards to all individuals, firms or areas, (Purdy, 1972). Furthermore, the geographic and political structures of Canada have significantly influenced regulation in the Canadian trucking industry. Since jurisdiction over trucking was passed to the provinces in the Motor Vehicle Transport Act of 1954, a fragmentation of regulation developed which may have prompted provinces bordering on regulating provinces to enact legislation for self-protection, or to purportedly protect the industry from ruinous competition. An additional rationale arose from Part Three of The National Transportation Act, in which trucking was to serve a role in restructuring the competitive conditions of inter-city transport.

The rationale for introducing regulation into the trucking industry rests upon the assumptions that: large economies of scale are present; and/or competition tends to be excessively

intense and the quality of service, therefore, has to be protected by the imposition of government restraints. As Mohring (1976) and Bernstein et al (1965) indicate, the trucking industry is very much subject to constant returns to scale; the first assumption is therefore not met. The second assumption suggests that without regulation a monopoly will develop and exploit shippers and the consuming public. One can argue that to create a monopoly there must be some form of barrier to entry in the form of absolute cost advantages, high ratio of fixed to variable costs, or indivisibility or immobile capacity between alternative uses. Virtually none of these characterize the unregulated trucking industry. (See further arguments, particularly in comments on briefs submitted by licensed carriers.) Indeed, in trucking entry is quite free (see for example the case of the U.S. and Australian conditions described in Kahn, 1971; and Joy, 1964). The second assumption is not valid. The third assumption relates to destructive competition. Competition can be excessive only if fixed cost is a large percentage of total cost and there are long sustained and recurrent periods of excess capacity. These conditions refer to a situation in which firms may find themselves operating at a loss for extended periods because marginal cost lies below average cost and insufficient capacity exists or cannot be created to meet market demand. (See comments on brief submitted by Hearst Lumberman's Association.) The result is that price falls as producers bid for the customers. The question is, does this situation apply to the trucking industry? As

Kahn (1971) points out, "Does trucking have the economic attributes of an industry subject to destructive competition? It would be difficult to find one less qualified" since variable costs are a high proportion of total cost (see OTA submission, Appendix Five), and trucks pay for way only as they use it (in the form of excise taxes on fuel, tolls and licenses). Moreover, the initial investment in trucking is relatively small (thereby facilitating increments in small amounts), shortlived which makes it relatively easy to switch technologies and there is less likelihood of losing a competitive advantage from obsolete capital, and mobile; used secondhand markets reduce the expected losses if one leaves the industry. Further evidence of Kahn's analysis is found in Pegrum (1973). (Further discussion available in other briefs.)

A source often asserted as a cause of destructive competition in trucking is the prevalence of joint costs (see the OTA submission on this issue and the issue of cream-skimming and my analysis of it). Joint costs arise from the fixed proportions nature of the provision of trucking services in one direction. The argument often cited is that since the marginal cost of the return haul is close to zero (see Mohring, 1976; Kahn, 1971), rates on the back-haul will tend to be driven toward zero. This situation is the case of a joint product for which there is a determinant competitive solution to the prices of these two joint services; where the two prices settle - how the joint costs between fore-haul and back-haul

are distributed - depend on the relative intensity (levels) and the elasticities of the two demands. The equilibrium prices will be equal to the marginal opportunity costs of the two products. If revenues are less than costs, capacity is too great than the combined demands for the joint services justify.

The critical consideration concerning the feasibility of competition is the elasticity of supply. To stifle this competition is to induce excess capacity and therefore resource waste and induce shippers and trucking firms to select locations on false signals or prices; that is, regulation may not only induce inefficiency, it may also magnify the problem. (See comments on effects in economic development in analysis of CTA and ONTC briefs.)

The final question to address is, would quality standards deteriorate (as the OTA claims in its submission as do other submissions)? The evidence presented in Kahn (1971), Nelson (1965) and Joy (1964) indicates that the answer is no.

Under what conditions then should regulation be sustained? The answer seems to depend solely on non-economic criteria. The first condition being that trucking firms are somehow privileged and therefore should be protected from competition at any cost. The second is that some areas, shippers or markets may not be served under competitive circumstances because it is not economic; that is, costs exceed the price which these shippers are willing to pay.

In this situation, government may wish to cross-subsidize (redistribute income by way of a form of excise tax) by protecting trucking and forcing them to participate in a common carrier role; the trucking firms would then skim-cream from the lucrative markets to subsidize their operation in the less remunerative areas. But this is not the only means of providing these markets with trucking services - for example, one could use a straight subsidy. The real question is, are there more economic and equitable means of achieving the non-economic goals?

Finally, if externalities arise, for example, in the case of transportation of hazardous materials, regulation may be a means of forcing internalization of the externality.

From the above discussion, it does not necessarily follow that direct restraints on entry and price are the proper remedy. Legally prescribed quality standards (such as under the Combines Investigation Act) could provide consumers with protection without the suppression of competition. However, the suppression of competition may make enforcement easier because: enforcement is easier the fewer the number of firms; entry controls increase the monopoly rent to any licenses thereby increasing the costs to license holders of failure to perform adequately; because there are monopoly rents attached to licenses, agencies can force carriers to assume financially burdensome obligations such as servicing unremunerative markets (this is a point the OTA could have prescribed but did not in their submission); and finally, if the information

transfer of service quality to consumers is met, it may prevent deterioration of performance and induce firms to take a larger view of its profit increasing activities.

Arguments for the removal of entry controls rest on the cost which they impose on the economy in general, and shippers and consumers in particular.

The only economic conditions which would suggest entry control are natural monopoly conditions (that is, continuously increasing returns to scale over the relevant range of output); indivisibilities or lumpiness in the capital or capacity required to produce; and externalities in production. The first two of these do not characterize the trucking industry (see discussion above and discussion in the OTA submission) and the third may well be handled in some other way such as by strict standards or under the Combines Investigation Act.

The principal arguments against entry or regulation in general are, (i) it induces inefficiency in the allocation of resources both within the trucking industry and in the output and location decisions of consumers (Stigler, 1971; NBER, 1965; Joy, 1964), (ii) it artificially raises rates to consumers (Sloss, 1970 and 1976, has calculated this cost to be approximately 16 million dollars annually for Canada and approximately 348 million dollars for common carriers in the U.S.), (iii) regulation gives rise to inefficiency by preventing the flexible response of price to temporary or local discrepancies between demand and supply, (iv) regulation has the almost

universal tendency to inflate costs (Kahn, 1971; Farmer, 1964; NBER, 1965).

These costs may be a small price to pay if the restraints of competition were necessary to prevent destructive competition and a severe deterioration in the quality of service. However, there has been considerable experience with exempt carriage in the U.S. and complete deregulation in Australia; this experience casts considerable doubt on the reality of the dangers to freer competition in trucking. As Farmer (1965) indicates, competition produces lower rates, a large number of suppliers, a wider range of alternatives and more flexible services in capacity utilization. In addition, competition is compatible with efficiency, reasonable stability of rates and continuity of service.

Exemption of certain commodities, particularly agricultural produce, has been based on the argument, (Fulda, 1961) that farmers need flexible transportation services, speedy in the case of perishables and adaptable for seasonal peaks and not wholly predictable requirements. However, other shippers doubtless may have special needs. It is competition that provides this flexibility of adapting supply to demand and it is regulation that introduces inflexibilities.

Section 2: Market Structure

Oligopoly refers to a market which is characterized by fewness of sellers and in which the price output policies of firms are interdependent. The crucial points to be examined here are: what the relevant market is, has regulation

induced an increase in concentration such that an oligopoly was created from a previously competitive situation, and can we in fact define a separate trucking industry due to the amount of inter-modal ownership in Canada?

The market structure and extent is normally defined by the elasticity of substitution between trucking services and alternative modes. Clearly, the market in trucking, in a static sense, is defined between city pairs (Scherer, 1971). In this case, the form of competition will depend upon the availability of alternative modes and potential entrants into the trucking industry by either new firms or private carriage. If regulation of entry occurs such that licenses are route and/or commodity specific, then the available substitutes (real and potential) are reduced and interdependence of price and output (capacity) is increased (since we observe a large number of mergers and licences selling at a premium; it suggests there are formidable barriers to entry). Note in this case, we have a regulatory induced oligopoly situation.

In a dynamic sense the trucking market cannot be characterized in terms of city pairs since rates will influence shippers, consumers and trucking firms location decisions. If these economic agents face false prices such as under regulation the market is distorted and again an oligopoly situation can arise.

Would an oligopoly be the natural market for trucking? For this to result there must be some entry barriers, but trucking seems to be void of any; the trucking industry

is characterized by a low ratio of fixed to total costs, infrastructure in the form of roads is provided by the government and is paid for as use is made of them. Trucks have a well established primary and secondary market which increases capacity flexibility in small increments or decrements, and enhances the mobility of capacity. There are clearly no barriers to entry save those artificially created by regulation. Under these circumstances the natural market condition is one of competition with large numbers of sellers (see evidence in Kahn, 1971; Joy, 1964; Jordan, 1972).

The interesting question of whether one can define a separate trucking industry in Canada arises due to the degree of inter-modal ownership. Unfortunately, it is impossible to answer this question or even measure the degree of concentration within the trucking sector with the available data. However, we have observed expansion of the railroads into trucking services and the consolidation of a number of large trucking firms into a single firm (Purdy, 1972).

Information transfer among shippers and between carriers and shippers seems to be quite good. The rate filing bureau certainly facilitates this exchange. Further, the existence of the day-to-day leasing arrangers suggests that information about lower rates is disseminated fairly efficiently; "most shippers who are in a position to do so vote with their feet". (Kahn, 1971) (See a more complete analysis of this issue in my discussion of the Rate Bureau Submissions.)

Section 3: Rate Making

Trucking rates in the presence of regulation tend to be inflated; that is, above the level which would prevail without regulatory constraints (Sloss, 1970; Farmer, 1964; Palmer, 1973; Kahn, 1971). Rates therefore will not bear a one to one relationship with costs. If we examine the data appendix of Sloss (1971), the contribution of average length of haul, average net weight per load, average annual license cost and average annual wage per employee together account for approximately 55 per cent of the variation in rates per ton mile. This would suggest that although costs influence rates, the rates are not cost based. Clearly this area needs a good deal more information and data breakdown; the Canadian Transport Commission's questionnaire data of 1970 might provide a source of information which would permit a more detailed analysis of the effects of costs on rates per ton mile (or some other appropriate measure of output and sale).

The existence of the tariff bureau, and the thirty day filing requirements would have the effect of equalizing rates (which a number of briefs point out is the case in Ontario), since they facilitate information flows and lower information costs among shippers and between shippers and trucking firms (Palmer, 1974). For example, in the CITL brief (p.11), they state "although members did not advocate abolition of price bureaus, they felt that the tariff bureaus discourage independent filing and generally inhibit price competition

anyway is zero. This essentially means that if all costs where variable, say in direct proportion with mileage, the cost of the return haul is not in fact variable but sunk; that is, they have to be incurred whether or not the transportation services are performed. The characteristic which gives rise to this situation is that the unit of production (the round trip) is greater than the unit of sale (trip in one direction). The determinant solution to this problem - where the prices for the fore-haul and back-haul settle, or how joint costs are distributed - depends on the respective intensities and elasticities of the two demands. In equilibrium the sum of the prices would be equal to the sum of the marginal opportunity costs of the two products. If competition pushes aggregate revenues for the round trip below joint costs, it can only mean that the combined capacities are greater than the combined demands. The question is then, is capacity sufficiently flexible to adjust to the combined demands?

The ability of trucking capacity because of its comparatively short life and ability to increase or decrease its small increments assures the profitable adjustment of capacity. If rates on one leg of a journey fall, the trucks can vary its product mix by moving along alternative routes. However, if regulation affects licensing such that firms are restricted to particular routes and/or commodities, chronic excess capacity will be evident and destructive competition will develop. Note, however, that the back-haul problem can be readily solved by way of competition and capacity adjustment

within the motor carrier industry". However, the real question is not the equalization of rates but the level of the rates relative to the competitive level (see my analysis of uniform rates in the discussion of the various briefs). For this there seems to be little evidence, although the study by Sloss (1971) and others indicate rates in regulated markets tend to be above rates in unregulated markets. Indeed, the fact that some, specifically day-to-day leasers, can offer reduced rates suggests current rates to be above costs (that is, the competitive level; see the discussion of this issue under cream-skimming in the analysis of the OTA submission).

As has been indicated above, regulation may be justified (Purdy, 1972) in the case of desired internal subsidization for particular markets, shippers or areas if the benefits are deemed to outweigh the economic costs. Some interesting, if not conflicting evidence for Ontario in this issue is provided in Palmer (1974, footnote 6). He indicates that E. J. Shoniker, Chairman of the OHTB, "denied the existence of internal subsidization, arguing that prior to rate filing different rate structures resulted from geographic price discrimination. Despite this denial members of the industry revealed that the OHTB will sometimes grant a license for a profitable route if the applicant will agree to service an unprofitable route in addition". This same type of cross-subsidization occurs between LTL-TL if one considers that smaller shippers or areas are likely to have LTL lots. However the evidence is not clear one way or the other (also the OTA

does not provide any evidence in its submission, and conflicting evidence is given in the industry submissions).

The final question dealing with rate making is, should there be regional differences in rates? This clearly makes no sense unless some criteria are established. If rates are to be cost-based, then clearly if it costs more to ship in one region or area than another, rates should reflect the cost difference. However, to the extent that trucking services are provided under conditions of joint production, the level of demand and the pressure of capacity would be reflected in differential rates (Kahn, 1971; Mohring, 1976). Alternatively, if rates are to be regulated, the rate differential will be purely discretionary on the part of the regulatory agency. The cost differential will reflect the extent to which one region is felt more deserving than another, how regions are to cross-subsidize other regions to meet the overall provision of transportation services, or how the burden of other non-economic goals are to be shared among the different regions, shippers and consumers.

Section 4. Empty Back-Haul

The assertion is often made that a possible source of destructive competition in trucking arises from the fact that the provision of capacity in one direction inescapably involves provision of similar capacity in fixed proportions, for the return haul; this is the existence of joint production. The marginal costs of the return haul if the trucks are going

(see Joy, 1964) and that regulation hinders this adjustment process. Secondly, if destructive competition occurs it is a function of regulation operating through the back-haul phenomena which induces excess capacity on the front-haul.

Section 5. Economic Effects of Reciprocity

Plate fees represent a fixed cost independent of output. Furthermore, research conducted by Sloss (1970, 1976) indicates that the rate per ton mile is influenced very little by this particular cost (the partial contribution to the coefficient of variation being .03%). One of the interesting questions in the Sloss and indeed the Palmer (1973) study, is the negative sign on a license fee variable when a priori one would expect it to be positive. One could explain this in either of two ways. First, the license represents a fixed threshold cost which must be incurred if one is to produce ton miles of trucking services; it is independent of output and cost per unit of output fall as output increases. If average revenue per ton mile is positively related to costs (which the studies indicate is true) and costs rise with output, thus the negative sign on fixed cost (license fee) is capturing the increased output effect. Secondly, one might reason in the following way: given one is going to produce ton miles of trucking services, how much you do produce depends on the type of truck which you buy. One faces a spectrum of licenses which represents higher levels of technology (small or large trucks, semis or pup

trailers etc.) and therefore lower costs. The negative sign between average revenue per ton-mile and the license fee is therefore capturing the lower costs associated with the higher technology. Either of these suggests that license fee can effectively be used to influence output and/or the level of the technology, and therefore capacity in the reciprocity agreement. Clearly either of these two variables will influence the degree of efficiency in competition.

Fuel tax and sales tax are variable costs. If reciprocity were to occur it may simply result in a redistribution of income. This results because variable costs will be influenced by the quality of roads or the level of technologies of the roads (see further discussion of this issue in my analysis of various briefs). Higher levels of technology or road standards would decrease variable costs. Thus less tax revenue is generated. Since Ontario has, on average, higher quality roads than other provinces, it may be a net loser in such an arrangement.

The effects of reciprocity on competition for both trucking firms and shippers are mixed. Clearly, reciprocity results in a larger market for both parties. However, there is also a net increase in the number of firms competing. If regulation is maintained differentially across provinces, the effect on the trucking industry may be determined by the province with the greater amount of regulation. Consider a Quebec-Ontario example: Quebec regulates entry and rates, and rates tend to be higher in Quebec. In the case of

reciprocity, Ontario trucks could enter the Quebec market and undercut Quebec truckers; a condition which would bring an outcry from the Quebec trucking industry. However, there seems to be a better case for expecting Ontario rates to gravitate up to the level of Quebec rates (or close to them). The net result is some increase in traffic but also an increase in rates which is for the most part, pure windfall. Income has then simply been redistributed to Ontario trucking firms.

The effect on shippers is difficult to determine. Clearly, if the above scenario results, Ontario shippers lose and ultimately Ontario consumers. The effect on location is indeterminant since it is not clear how much rates would have to change before relocation of either shippers or trucking firms would result.

A final question which must be addressed within reciprocity is the effects it will have for back-hauls. One could conclude from the discussion above that capacity will expand with reciprocity and therefore empty back-hauls will occur more frequently since the back-haul of an Ontario carrier will be the front haul of a Quebec carrier. If this results, some rationalization will have to take place. The net result will be a reduction in the number of firms in the Ontario trucking industry or an aggravation to the existing excess capacity in Ontario trucking.

Section 6. Economics of Private Trucking,
Leasing and Brokers

Private trucking, leasing and broker drivers represent alternative forms in which trucking services can be provided; that is, differential organization of the trucking firm. However, each has a differential effect on the level of competition or coordination (under a state of regulation) due to both the level of costs and the ratio of variable to total costs.

There are some (see OTA submission) who claim that private trucking presents a source of competition (real or potential) since a shipper can always provide his own trucking services. However, the conditions under which this would occur are limited. They would include production and distribution processes which are transportation intensive but in a short haul market (see Mohring, 1976), some degree of market power in the product market to ensure relative constant product demand (as an aside, it might be interesting to investigate the correlations between firms in highly concentrated industries and firms which own and operate their own trucks, casual empiricism suggests it may be large); and a product which may be perishable and not subject to inventories as with farm produce. If this form of trucking does offer a source of competition to the regulated carriers then, given other things, one should observe an inverse relation with its growth and the growth of fore-hire trucking if the latter has indeed increased service quality as it claims (see the OTA submission).

The leasing and broker drivers offer a source of trucking services to firms who are subject to infrequent or peak demands, a random distribution of demand over the market (such as for required with construction materials), or for firms whose markets may lay in small centers, or those who have a portion of their market in small centers which are not adequately serviced by fore-hire trucking. The fact that they exist and participate in the market suggests there is a strong demand for their services, a service which is different from the fore-hire trucking services.

There is also the claim that the broker drivers and leasing services offer unfair competition which results in bankruptcies in the fore-hire trucking sector. However, if one examines Table 15 in the OTA submission, one of the two notable causes of bankruptcies were, "overheads too high", which suggests regulation has led to excess capacity and lack of work - the high rates led to a decrease in demand and no doubt the higher rates being increased to cover the excess capacity costs.

The existence of the various forms of trucking firms may be the result of regulation. The test of this hypothesis is to examine the proportions of each type of organization in the regulated and unregulated provinces and observe their growth or demise over time with changes in service quality, rate adjustments and industrial base.

Section 7. Equilibrium In The Trucking Services

Equilibrium is a position which is stable and the position gravitated to when a shock to the system occurs. Clearly if regulation exists there cannot be an equilibrium position in the above sense since regulation imposes artificial constraints on the market. Therefore, one may observe temporary stability in a market but this by no means an equilibrium position.

Evidence from Sloss (1970), Palmer (1973) and Farmer (1964) indicate regulation artificially increases rates and inflates costs. This latter problem is clearly evident in Table 15 of the Appendix of the OTA's submission and in the evidence of Nicholson (1958).

There has been ample opportunity to observe the wastes, inefficiencies, and monopolistic consequences of regulation. That the improvements in quality as it may today provide are not deemed sufficient to justify higher costs is strongly suggested by the general practice of shippers who have alternatives of dealing with non-regulated carriers. It is difficult for an economist to accept the notion that full cartelization of an industry is a necessary means of enforcing objective standards of safety and financial responsibility. The result of regulation is therefore a pseudo equilibrium.

What is inconceivable, given the basic economic characteristics of the industry is that deregulation would usher in a long period of chronic sickness. Or that firms capable of providing reliable, efficient, and diversified

service would be faced with the choice of either adulterating their product or going bankrupt. The industry simply lacks essential prerequisites of destructive competition. As indicated above in the discussion of rate making, the suggestion is made that an equilibrium of both price, output and capacity can result when competition takes place in the market.

Section 8. Economics of Serving Small Centres

Evidence on losing routes seems to be conflicting (see discussion above under rate making). However, one does observe differential rates between equidistant city pairs. This may reflect, as discussed above, joint costs associated with back-hauls or simply price discrimination.

The existence of losing routes can, as Kahn (1971) suggests, result from regulation. First, because entry controls create excess capacity and inflate other costs; secondly, because the mobility of capacity to meet demand is inhibited by regulation; and finally, because false prices generated by regulation have resulted in location decisions of firms into areas in which rates are lower due to the common carrier element of regulation.

Regulations introduce distortions differentially across the various regions in which there is somewhat freer competition of the more lucrative routes. Freeing the regulated carriers for more effective competition, rather than compounding distortions issuing from government

intervention by instituting yet another, would require loosening the numerous operating restrictions to which the carriers have been subjected.

In purely static terms it is a matter of indifference whether the government corrects for distortions introduced by a tax or subsidy (which, in effect, regulation does) in one place by introducing offsetting imperfections elsewhere, or by moving to eliminate the original distortion (this is clearly evident in the theory of second best).

However, as indicated above, the economist has to be faced with certain non-economic criteria for regulation. However, the economist may object to things like internal subsidization on the grounds that it imposes sacrifices on others greater than the benefits to the subsidized customers, shippers or regions; and that the poor would get more satisfaction, at less cost to the subsidizers if they were given direct money grants instead. What the economist must do then is to insist that regulators (i) satisfy themselves that these goals cannot be equally well achieved without the sacrifice of economic efficiency, (ii) explicitly confront the economic costs of achieving these other goals, in order to decide whether the benefits do indeed justify these costs (non-economic decisions that involve the expenditure of resources must be made as rationally as possible), (iii) openly decide who appropriately should bear the financial burden. An excellent demonstration of the welfare costs of cross-subsidization via rate setting (specifically

uniform rates which a number of briefs suggest to be the case) can be found in Kahn (1970, pp. 189-193).

Freight pooling may be a means of reducing losses but this is in effect simply a rationalization of capacity; a result which is clearly available by a competition. However, if non-economic considerations prevail, the quality of service with freight pooling could decline since some accumulation must take place which could reduce the frequency of service and thereby decrease the competitive position of shippers or increase their costs from inventories. This may also induce increased capacity in warehousing and terminals. Finally, such an arrangement may induce increased regulation since freight pooling may result in the opportunity for collusion among trucking firms as well as a separate means of forestalling potential entrants (see Kahn, 1971, page 314-323 for a similar discussion concerning power pooling).

Section 9. Inter-Modal Movements

Inter-modal ownership is not permitted to any great extent in the U.S. while in Canada it is permitted if it will not undouly restrict competition or otherwise be prejudiced to the public interest (see Feltham, 1970). The argument for allowing inter-modal ownership is on efficiency grounds and induced innovation in developing multi-modal shipping techniques.

However, inter-company cooperation can secure many of the same benefits as financial integration. Common

ownership does have advantages of eliminating inter-firm negotiations and profit-splitting. However, it also carries with it the charges of placing competition, particularly non-integrated competition, at the disadvantage compared to affiliates of the integrated companies, reducing the intensity of competition and suppressing less capital intensive alternatives. The probability of inter-modal movements in Canada is therefore reduced since the railways are integrated and will adopt policies favourable to their affiliates.

Purdy (1972) examines integrated movements for both short-haul and long-haul operations. His basic conclusions are that profit seeking trucking firms could supply the necessary services rather than the rail-owned highway operations. Ordinary market competition would create whatever integration that best serve the shipper. From his analysis one can conclude that yes, there does seem to be real economic benefits from inter-modal movements, but no, you are not likely to see them with the degree of inter-modal ownership currently prevailing.

Section 10. Labour and the Motor Carrier Industry

Without a thorough study one cannot provide definitive statistics on the proportion of labour which is organized. However, if 6.9 per cent of trucking registrants are fore-hire and they produce 65.7% of the net ton miles (see the OTA submissions Appendix 3) this suggests that the degree of

labour organization is immaterial. A more important question is can labour working as a unit reap some of the monopoly rents resulting from regulation and normally appropriated by the trucking firms? Evidence in Sloss (1971), Palmer (1973) suggests that wages do not result in increases in rates per ton mile - rates are not significantly cost based - but that regulation does artificially increase rates per ton mile. For a discussion of the service and safety factor see my review of the OTA submission.

APPENDIX - H (in 3 Parts)

THE MOTOR CARRIER INDUSTRY:

AN ANNOTATED BIBLIOGRAPHY

Prepared for

The Select Committee on
Highway Transportation of Goods
Legislative Assembly of Ontario

by

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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	..
I. GENERAL	1
II. REGULATION/DEREGULATION	4
III. STRUCTURE OF THE MOTOR CARRIER INDUSTRY	12
IV. RATE-MAKING	19
V. SERVICE TO SMALL CENTRES	24
VI. EMPTY BACKHAUL	27
VII. ECONOMIC EFFECTS OF RECIPROCITY	27
VIII. ECONOMICS OF VARIOUS TYPES OF MOTOR CARRIER FIRMS	29
IX. SUPPLY AND DEMAND	35
X. INTERMODAL TRANSPORT	36
XI. LABOUR IN THE MOTOR CARRIER INDUSTRY	38
XII. URBAN TRUCKING	39

INTRODUCTION

This bibliography was prepared according to a list of priorities established by the Select Committee and outlined in the table of contents in order of importance. With a few exceptions, the materials included cover the period from 1970 to date.

While the focus of the Select Committee rests on the intercity and interprovincial trucking industry in Ontario, it is apparent from the lack of literature on the Ontario industry that one must turn to other jurisdictions in Canada, and to the United States, in order to present a clear picture of the major issues. The reader will therefore note that many of the publications are American. Although the documents submitted to the Select Committee have not been included, they represent an important source of current information.

It should be noted that several of the publications in the Regulation/Deregulation category are general enough in nature to cover many of the topics listed in the table of contents. The category Urban Trucking is not annotated but remains as a guide to the type of research which has been carried out in this field, especially in Canada.

An asterisk (*) to the left of an entry indicates that the particular publication was included on the basis of title, or abstract where found.

The following is a list of location symbols with the corresponding libraries or locations where most of the materials listed in the bibliography are held. Call numbers have also been provided.

Ad. St.	Administrative Studies Library, York University, Downsview, Ontario.
JPT	Joint Program in Transportation, University of Toronto/York University, Toronto.
MTC	Ontario Ministry of Transportation and Communications Library, Downsview, Ontario.

OTA	Ontario Trucking Association, Rexdale, Ontario.
Scott	Scott Library, York University, Downsview, Ontario.
TDA	Transportation Development Agency Library, Montreal.
U of T	John P. Robarts Research Library, University of Toronto, Toronto.
U of T Bus.	Management Studies Library, University of Toronto, Toronto.
U of T Eng.	Engineering Library, University of Toronto, Toronto.

I. GENERAL

American Trucking Associations, Inc. The Operations Council. An Annotated Bibliography of the Motor Carrier Industry. Compiled by Bob J. Davis, Western Illinois University. Washington, D.C., 1976. 77 pages.

Requiring seven years of development, the bibliography lists over 1,000 books, periodicals, pamphlets, guides, programs, awards, and organizations in the motor carrier industry. Each item is classified in one of twelve areas: cargo security, education, highway, household goods carriers, interstate commerce law, labour, loss and damage, motor carriage, motor histories, motor pricing, private carriage and safety. The current listing is the first pertaining solely to trucking to be compiled in almost 20 years. (MTC 016.3883 Am35T 1976)

Currie, A.W. Canadian Transportation Economics. Rev. ed. Toronto: University of Toronto Press, 1967.

Two chapters concern trucking. "Highway Freight Transport" (pp. 438-473) covers the history of trucking in Canada, control of entry, rates, taxation of carriers, jurisdiction over trucking, and classes of operators. "Road-Rail Competition" (pp. 474-518) deals with the emergence of truck competition, costs and rates for road and rail, length of haul by both, piggyback, railway-owned trucks, and agreed charges. (U of T HE 215 C8 1967)

Dartnell, Albert L. The Transportation of Freight by Road in Canada. Ph.D. thesis, McGill University, 1967, cl968. 391 pages.

The thesis includes an economic analysis of railway competitive rates and their effect on road transport and an economic analysis of the demand for rail and truck transport. It assesses the effect of the National Transportation Act and federal labour legislation on road transport and examines the possible effect of technological and other changes on the industry. (Ad. St. HE 199 C3 D3 microfilm)

Farris, Martin T., and McElhiney, Paul T., eds. Modern Transportation: Selected Readings. 2d ed. Boston, Mass.: Houghton Mifflin, 1973. 466 pages.

The section on motor transportation includes such articles as "The Available Alternatives: Motor Carriers" by P. McElhiney and C.L. Hilton, "Rationale: the Regulation of Motor Carriers" by M. Farris, "Regulatory Requirements for Motor Transport" by D.R. Pegrum, and "The Case for Unregulated Truck Transportation" by R.N. Farmer. (Scott HE 203 F36 1973)

"Highway Transport in the 1970's: Problems and Prospects." Mid-Canada Transportation Scene: Commodity Movement; Proceedings of a Conference, Winnipeg, 1973. Winnipeg: Center for Transportation Studies, University of Manitoba, 1973. pp. 35-59.

This session of the conference contains four addresses dealing with regulation of the for-hire motor carrier industry, investment in highway transport, technological developments and operational problems, and the significance of highway transport on the prairies. (JPT)

House, R.K. and Associates, Ltd. Manitoba For-Hire Trucking Industry Productivity Study: General Industry Report. Prepared for Manitoba Dept. of Industry and Commerce and the Manitoba Trucking Association. Mississauga, Ont.: R.K. House and Associates, 1974. 205 pages.

"The thirteen chapters of the report outline three broad areas. Chapters one through four represent an analysis of the dimensions of the industry, including costs, revenues, fleets, employment, management problems and accounting practices. The second section (chapters 5 through 9) deals with regulatory matters and the impact of these regulations on the trucking industry. The final chapters (10 through 13) outline some specific problem areas affecting the daily operations of trucking companies in Manitoba and include a discussion of the role of the Manitoba Trucking Association." (OTA)

Kates, Peat, Marwick & Co. Trans-Newfoundland Corridor Transportation Study; Volume B: Trucking Industry. Ottawa: Canadian Transport Commission, 1974. 1 vol.

This study is based on interviews with public and private carriers, a questionnaire, and a survey of trucking activity on the Trans-Canada Highway during April 1973. The report covers historical development of the Newfoundland trucking industry, service demand, current industry facilities and operations, evaluation of performance, and regulation. Two additional volumes of the above study are noteworthy: Freight Transportation; Demand Characteristics and User Opinion (Volume G), and Corridor Transportation System; Present Performance and Prospective Improvements (Volume J). (JPT)

Ontario. Ministry of Transportation and Communications. Economic Policy Office. Truck Transportation in the Province of Ontario. Downsview, Ont., 1975. 3 vols.

Phase 1: Description of Operating and Administrative Characteristics. - Phase 2: Survey of Shippers. - Phase 3: An Analysis of the Basic Rate Structure. Phase 1 describes and explains "the various facets of the

trucking industry in terms of its operations, administration, organization and the legislation which governs it." Phase 2 defines "the role of common carrier trucking in terms of the overall physical distribution needs of Ontario shippers" and assesses "the degree to which the trucking industry is meeting these needs." Phase 2 includes an analysis of private trucking and determinants of modal choice. Phase 3 examines and compares the rates from the provinces of Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. (OTA)

Roads and Transportation Association of Canada. Annual Conference Proceedings; Volume 4: Goods Movement and Trucking Workshop, September 22-26, 1975, Calgary. Ottawa, 1975. 113 pages.

The five papers in this workshop are entitled "The Saskatchewan Common For-Hire Carrier Industry: a Rationalization Approach", "International Truck Movements in the Niagara-Lake Erie Area", "Mackenzie Highway-Water Freight Modal Split", "A Profile of Urban Goods Flow in Calgary", and "A Profile of Urban Trucking Activities and Their Impact on Air Pollution". (TDA HE 11 R62 1975 v.4)

Steeves, E.T. "Trucking in Canada 1957-1967." Paper presented at the Annual Meeting of Canadian Trucking Associations, June 25-27, 1969. Ottawa: Dominion Bureau of Statistics, 1969.

The paper presents an overview of the industry and is supported by a considerable amount of statistical data. Economic background, financial picture, ownership and labour, and the future of the industry are discussed. (MTC 388.324 S Files)

II. REGULATION/DEREGULATION

Automotive Transport Association of Ontario. Memorandum on Lease Operations with Particular Reference to "Pseudo" Varieties and Some Recommendations for Solution of the Problem. Prepared for Consideration of the ATA Lease Committee by J.R. McLeod. Rexdale, Ont., March 1969. 29 pages plus tables.

The report deals with regulatory matters concerning leasing and includes tentative solutions and recommendations for amendments to the PCV Act. (OTA)

Barrett, Colin. "Deregulation: a Study in Illogic." ICC Practitioners' Journal, (November-December 1971), 8-18.

The author discusses the possible consequences of deregulation in terms of service and rates.

Canadian Trucking Association. Statement of Position on Transportation Policy. Ottawa, May 1976. 23 pages plus appendices.

This submission is CTA's appraisal of and comments on "Transportation Policy: a Framework for Transport in Canada" prepared by the Ministry of Transport in 1975. Additional comments on the role of the federal regulatory agency, the significance of service characteristics in transportation, and comparison of truck rates by region are included. (JPT)

Clayton, Alan M. "Truck Transport Regulation; Where Are We Going?" Roads and Transportation Association of Canada. Annual Conference Proceedings: Theme Sessions, September 22-26, 1975, Calgary. Ottawa, 1975. pp. 21-29.

The paper deals with the impact of regulation on the trucking industry. The author concludes that more attention should be paid to relating the performance characteristics of the industry to the objectives of a transport policy.

"Complexity of Truck Issues Has Humphries' Office Busy." Truck Canada, 22 (May 1974), 39, 48-49, 51, 53.

This is the text of a speech by an Ontario transport official regarding licence classification, safety, and the PCV Act.

Davis, Grant M., ed. Transportation Regulation: a Pragmatic Assessment. Danville, Ill.: The Interstate Printers & Publishers, Inc., 1976. 220 pages.

The book is a collection of important articles dealing with the domestic regulation of the American transportation industries. In general terms, the chapters cover the U.S. transportation network and the common carrier system, institutions involved in transportation regulation, regulatory issues, and recommendations for improving regulatory laws.

Davis, G.M., and Rosenberg, L.J. "Physical Distribution and the Regulatory Constraint: an Analysis." Transportation Journal, 15 (Spring 1976), 87-92.

The results of a short survey on regulatory issues (rate bureaux, control of entry, etc.) are presented.

"Deregulation, Reregulation or Status Quo?" Distribution Worldwide, 74 (September 1975), 31-38.

This is a collection of opinions of eight leaders in the transportation industry including four motor carrier executives and three shippers.

Feltham, Ivan R. "Common Ownership in Canada with Particular Reference to Regulation of Acquisition of Motor Carriers." Transportation Law Journal, 2 (July 1970), 113-135.

The article points out that neither provincial nor federal laws distinguish between various types of mergers and that common ownership is prevalent in Canadian transportation.

Fleming, W.R. "The Issue is Larger Than Trucks." Truck Canada, 21 (November 1973), 25, 63, 65, 67, 69.

An address in which the author asks for support in the battle against over-legislation of the trucking industry.

Flott, A.C. "The Case Against the Case Against Regulation." ICC Practitioners' Journal, (March-April 1973), 281-290.

" . . . This article examines the principal arguments that have been made by those who advocate deregulation as well as the factual bases for such arguments" The author indicates that the case for deregulation is based on faulty premises.

Friedlaender, Ann F. The Dilemma of Freight Transport Regulation.
Washington, D.C.: The Brookings Institution, 1969. 216 pages.

This is a general approach to freight transportation and includes the rationale of regulation, supply and demand in transportation services, consequences of current regulatory policies and alternatives to present policies, and the common carrier.
(MTC 385.264 F913 1969)

- * Glaskowsky, Nicholas A. Jr.; O'Neil, Brian F.; and Hudson, Donald R.
Motor Carrier Regulation: a Review and Evaluation of Three Major Current Regulatory Issues Relating to the Interstate Common Carrier Trucking Industry. Washington, D.C.: ATA Foundation, Inc., 1976.
90 pages.

The report deals with control of entry into common carriage, history of rate-making citing various relevant acts, and collective rate-making and rate bureaux. A review of this report appears in Traffic World, August 30, 1976, page 1.

Heds, John. "Some Lessons from Transport Deregulation in Canada." Paper presented to the Transportation Research Forum, October 10-12, 1974, San Francisco, Calif. Ottawa: Canadian Transport Commission, 1975.
21 pages.

"Transport deregulation does not necessarily solve the financial problems of carriers and, from the standpoint of economic theory, transport deregulation does not necessarily produce an optimal allocation of resources." (JPT)

Hirschbach, G.L. "Public Convenience and Necessity in Federal Motor Common Carrier Cases: What Are the Criteria?" South Dakota Law Review, 16 (Spring 1971), 351-381.

The author points out that the term "public convenience and necessity" has not been clearly defined by the Interstate Commerce Commission. Granting of licences by the ICC is discussed.

Hynes, C. "Small Business and Deregulation of the Motor Common Carriers." Transportation Journal, 15 (Spring 1976), 74-86.

The article points out the dangers of complete deregulation to small businesses in urban and rural areas. It is feared that these businesses will suffer from lack of transportation services as carriers will want to serve the most economically advantageous regions.

Johnson, James C. "An Analysis of the ICC's Administration of Section 5 Trucking Mergers." Transportation Research Forum. Proceedings of the 14th Annual Meeting, October 15-17, 1973, Cleveland, Ohio. Oxford, Ind.: Richard B. Cross Company, 1973. pp. 773-793.

The paper discusses "increased concentration in the trucking industry and its ramifications, consistency of the ICC in Section 5 trucking consolidation cases, the ICC's overall merger policy, and whether the ICC protects the status quo in trucking merger cases at the expense of economic efficiency." (JPT)

Johnson, James C. "Deregulation of Transportation: Its Probable Ramifications." Transportation Research Forum. Proceedings of the 15th Annual Meeting, October 10-12, 1974, San Francisco, Calif. Oxford, Ind.: Richard B. Cross Company, 1974. pp. 133-137.

The paper deals with two aspects of deregulation: decrease in federal entry control and the pricing for transport services. (JPT)

Johnson, James C. Trucking Mergers: a Regulatory Viewpoint. Lexington, Mass.: D.C. Heath and Company, 1973. 237 pages.

The book covers characteristics of the motor trucking industry, development of economic regulation, basic issues in trucking unifications, and the role of the Interstate Commerce Commission in trucking mergers. (U of T KF 2265 J6)

LeBlanc, M.R. "Economic Regulations and the Motor Carrier Industry in Canada." Selected Papers from the Transportation Seminar Series. Fredericton, N.B.: Dept. of Civil Engineering, University of New Brunswick, 1973. 8 pages.

This paper discusses various aspects of regulation in the trucking industry. It presents a rationale for regulation and observations concerning the effect of regulation on prices, costs and profits of the industry, and control of entry to the industry. (JPT)

Levine, H.A., and Wang, N.C. "Motor Carrier Financing and Earnings Regulation: the Other Side of the Coin." ICC Practitioners' Journal, (November-December 1974), 26-41.

The article concerns the question of "reasonableness" of motor carriage earnings and suggests a policy for controlling these earnings.

Lieb, R.C. "Relaxing Motor Carrier Regulation: the Massachusetts Attempt." Logistics and Transportation Review, v. 11, no. 2 (1975), 193-201.

The paper traces the legislative attempt to reduce controls on trucking in Massachusetts. The author indicates that massive changes could pose greater problems than expected.

McAdams, Alan K. "Do We Know What to Expect from Relaxation of Regulation of Surface Transportation." Transportation Research Forum. Proceedings of the 14th Annual Meeting, October 15-17, 1973, Cleveland, Ohio. Oxford, Ind.: Richard B. Cross Company, 1973. pp. 293-300.

The article concerns relaxation of rail and truck regulation and tests the proposition that relaxing regulations would lead to a more efficient system. Experiences in Canada, Great Britain and Australia are cited. (JPT)

McLachlan, D.L. "Canadian Trucking Regulations." Logistics and Transportation Review, v. 8, no. 1 (1972), 59-81.

The article discusses economic regulation of trucking in Canada, regulatory bodies and the effects of economic regulation on both private and for-hire carriage.

Menzies (M.W.) Group Limited. Canadian Transportation Services Division. "Part III": an Appriasal of the Potential Impact to Ontario from the Implementation of Part III of the National Transportation Act. Downsview, Ont.: Dept. of Transportation and Communications, 1972. 2 vols.

Volume one presents the growth of highway transportation, economic impact of motor carriers, regulation of motor carriers with reference to Canada, the U.S. and Great Britain, the role of motor carriers in Ontario, specific regulatory issues (i.e. control of entry, rate regulation, licensing practices in Ontario), and implementation of Part III of the National Transportation Act. Volume two is entitled "Quantitative Support Material". (MTC 380.511 M529)

Moore, Thomas Gale. Freight Transportation Regulation, Surface Freight and the Interstate Commerce Commission. Washington, D.C.: American Enterprise Institute for Public Policy Research, 1972. 98 pages.

This paper is "confined to the regulation of surface freight transportation with the exception of pipeline carriage . . . " and covers the background of regulation, the Interstate Commerce

Act, the development of multi-modal regulation, regulatory practices (i.e. entry, rates, service, mergers), effects of regulation (i.e. prices, service, market share, cost to the economy), and alternatives to regulation. (U of T KF 2190 Z9M66)

Nelson, J.R. "Motor Carrier Regulation and the Financing of the Industry." ICC Practitioners' Journal, (May-June 1974), 436-457.

The article discusses control of entry, rates, and the effect of regulation on business risks in the industry.

Norton, M.J. "The Interstate Commerce Commission and the Motor Carrier Industry: Examining the Trend Toward Deregulation." Utah Law Review, 1975, (Fall 1975), 709-725.

The article analyzes the issues behind the trend toward deregulation, including rates, costs, and the proposed Department of Transportation bill.

Palmer, John. "Taxation by Regulation? the Experience of Ontario Trucking Regulation." Logistics and Transportation Review, v. 10, no. 3 (1974), 207-212.

"This paper analyzes the regulation of the for-hire trucking industry in Ontario with respect to [Richard] Posner's criteria for taxation by regulation, concluding that it has been, at best, only partially successful. Part I provides some historical background of the Ontario Highway Transport Board and discusses in general terms its regulatory policies. In Part II these policies are directly related to the concept of taxation by regulation. . . ."

Quick, Don. "Illegal Trucking." Truck Canada, 24 (March 1976), 8-11.

Aspects of illegal trucking are discussed from the point of view of the Ontario Trucking Association. The article includes proposed legislative changes to the PCV Act.

Purdy, H.L. Transport in Canada: Competition and Public Policy. Vancouver: University of British Columbia Press, 1972. 327 pages.

Although the book deals with the various modes of transport, there is considerable material on the regulatory issues in the trucking industry. (U of T HE 215 P8)

Reimer, Don. "The Role of Government in Transportation." Truck Canada, 24 (March 1976), 19-22.

In this address to the CITL conference, the author discusses the various levels of government involvement in the trucking industry.

Schultz, Richard. "Intergovernmental Cooperation in Transportation: the Case of the Extra-Provincial Motor Carrier Industry in Canada." Paper presented to the Joint Session of the Transportation Research Forum and the Canadian Transportation Research Forum, November 4, 1975, Toronto. 49 pages.

The paper deals with "some of the special problems in transportation policy-making that develop as a result of the division of authority that exists between the federal and provincial governments. The discussion will be based on an analysis of the intergovernmental negotiations from 1967 to 1972 on the implementation of Part III of the National Transportation Act of 1967 that called for federal regulation of the extra-provincial motor carrier industry. . . ." (JPT)

Seip, D.W. "Deregulation Threatens Canadian Trucking Industry." Canadian Transportation and Distribution Management, 78 (January 1975), 18-19.

Deregulation as it would affect Ontario is discussed.

Smith, Jay A. Jr. "Concentration in the Regulated Motor Carrier Industry." Transportation Research Forum. Proceedings of the 13th Annual Meeting, November 8-10, 1972, Denver, Colo. Oxford, Ind.: Richard B. Cross Company, 1972. pp. 189-217.

The paper seeks "to identify the links between structure, behaviour, and performance and shall specifically examine the connections between structure and performance in the regulated intercity motor transportation industry. . . ." (JPT)

"Some Solutions to the PCV Puzzle." Canadian Transportation and Distribution Management, 76 (January 1973), 22-23, 25-26.

Solutions to the questions of regulation of private carriage, freight forwarders, trailers in international traffic, and rate control and supervision are presented.

Spychalski, John C. "Criticism of Regulated Freight Transport: Do Economists' Perceptions Conform with Institutional Realities?" Transportation Journal, 14 (Spring 1975), 5-17.

The author states that several of the proponents of deregulation have given questionable arguments. The paper deals with motor and rail services and covers conditions affecting motor freight competition, possible consequences of "free" rate competition, collective rate-making and oligopsony and monopsony in freight transport markets.

Stevenson & Kellogg, Ltd. A Study of Cartage and Intercity Trucking Regulations: Phase I. Downsview, Ont.: Ministry of Transportation and Communications, June 1975. 1 vol.

The study covers a description of the trucking industry, alternative regulatory systems, local cartage licensing and regulations, jurisdiction over intra-regional trucking, and extension of urban boundaries.

Wahl, Karl N. "A Highway Carrier's View of National Transportation Policy." Truck Canada, 23 (April 1975), 18-20, 22.

In his address to the Toronto Branch, CITL Annual Meeting, the author discusses the regulatory role, truck-rail competition, and suggests ways to improve the regulation of trucking.

Wilson, G.W. "Regulation, Public Policy, and Efficient Provision of Freight Transportation." Transportation Journal, 15 (Fall 1975), 5-20.

The article discusses the "economic effects of existing transport regulation" and "the needed changes indicated from an appraisal of such effects." It covers the static theories of regulated competition and regulated oligopoly, ICC regulatory policy, effects of entry control, costs of regulation, impact of non-regulatory public policy, and efficient rate structure.

Wyckoff, D. Daryl. "Factors Promoting Concentration of Motor Carriers Under Deregulation." Transportation Research Forum. Proceedings of the 15th Annual Meeting, October 10-12, 1974, San Francisco, Calif. Oxford, Ind.: Richard B. Cross Company, 1974. pp. 1-6.

The paper deals with the notion that "deregulation will lead to concentration of the less-than-truckload segment of the for-hire motor carrier industry in the United States. . . ." (JRT)

Zimmerman, R.J. "Deregulation Will Hurt Small Firms . . . Will Result From Failure to Control Entry." Truck Canada, 23 (June 1975), 11-13.

The article discusses the effects of deregulation on service, safety and rates.

III. STRUCTURE OF THE MOTOR CARRIER INDUSTRY

American Trucking Associations, Inc. American Trucking Trends. Washington, D.C. Annual.

This annual publication represents a round-up of trucking statistics on ton-miles, tonnage, products, revenues and costs, taxes, manpower, equipment and innovations.

Annable, James E. "The ICC, the IBT, and the Cartelization of the American Trucking Industry." Quarterly Review of Economics and Business, 13 (Summer 1973), 33-47.

"The hypothesis of this article has two parts: (1) the ICC has cartelized motor freight; (2) the International Brotherhood of Teamsters (IBT) has expropriated the resultant excess profits. . . . In summary, a trucking cartel does exist in the U.S., does significantly misallocate resources, and is jointly managed by the ICC and the IBT. . . ."

Bailie, J. Gerald. Trucking Bankruptcies in Canada (1950-1972). N.p., n.d. 14 pages.

"This analysis was undertaken because it was thought that the bankruptcy information would be useful in a much larger study, namely, the cause and effects of mergers and acquisitions in the trucking industry, and the resulting impact on the competitive environment."

Bergen, Blanton P., and Barrett, Colin. The Elements of Contract Carriage. Washington, D.C.: Traffic Service Corporation, 1972. 31 pages.

The pamphlet defines contract carriage and outlines the services it provides, legal issues and the execution of the contract. (MTC 388.324 B453)

Canada. Ministry of Transport. International Truck Traffic Survey.
Ottawa, 1974. 1 vol.

This study was undertaken as a pilot project by the Motor Carrier Division to survey the international truck traffic between Canada and the U.S. to determine the share of this market by carriers of both countries. More specifically, the study was to determine "the location, direction, nature and magnitude of transborder traffic flows; the major motor carriers involved and indicate their domicile and relationship to other motor carriers; the relative problems faced by Canadian and American carriers in obtaining and using operating authorities in the other jurisdiction; and the economic and qualitative differences between U.S. and Canadian carriers." Information on commodity shipped, weight of shipment, carrier's name, port of entry/exit, and origin/destination was kept. (OTA)

Canada. Statistics Canada.

The following publications contain statistics relevant to the Canadian trucking industry.

Motor Carriers; Freight. Quarterly. Cat. no. 53-005.

Revenues and expenses of motor carriers with gross annual operating revenues exceeding \$100,000, by type of carrier. Selected comparison and a chart showing average operating revenues and expenses.

The Motor Vehicle, Part I: Rates and Regulations. Annual.
Cat. no. 53-217.

Commercial motor vehicle regulations, tax and licence fee rates, reciprocal highway agreements, size, weight and safety regulations, taxes on gasoline and other motive fuels, by province; explanation of licence symbols.

The Motor Vehicle, Part II: Motive Fuel Sales. Annual.
Cat. no. 53-218.

Gross and net sales of gasoline and net sales of diesel oil by year and by month, by province.

The Motor Vehicle, Part III: Registrations. Annual. Cat. no. 53-219.

Registration of motor vehicles by type including passenger automobiles, trucks, motorcycles, buses, trailers and others; an historical table of total registrations; other licences including drivers', chauffeurs' and dealers' licences; motor vehicle registrations are shown by census divisions and municipalities.

The Motor Vehicle, Part IV: Revenues. Annual. Cat. no. 53-220.

Revenues from motor vehicle registrations, motor fuel taxes and other related revenues by provinces.

Moving and Storage, Household Goods. Annual. Cat. no. 53-221.

A report on firms engaged primarily in the moving and storage of household goods including financial and operating data.

Motor Carriers: Freight (Common and Contract), Part I. Annual. Cat. no. 53-222.

Statistical data on motor carriers both common and contract. Investment operating revenues, expenses and other data on Canadian-domiciled carriers.

For-Hire Trucking Survey. Annual. Cat. no. 53-224.

Provides information on the domestic intercity movement of goods by Canada's for-hire trucking industry. Main tabulations include data on transport revenue, tons carried and ton-miles for major cities and regions.

(Source: Statistics Canada. Catalogue 1975.)

Canada. Transport Commission. Economic and Social Analysis Branch. The Canadian Trucking Industry: Issues Arising Out of Current Information. Ottawa, 1975. 79 pages.

The report presents "an overview of the industry by consolidating the available literature and statistics, as found in both Canadian and U.S. sources. The material in this paper is organized under three general areas. These are industry structure, related economic characteristics and specialized sectors of the industry. Industry structure is described by the growth, firm size and market, financial and cost characteristics of the industry. Employment and earnings, productivity, competition and ownership are the factors considered in this section on related economic characteristics of the industry. The section on specialized sectors of the industry focusses on specialization by type of operation (i.e. common carrier, private carrier) and by commodity." Includes a bibliography. (U of T Bus. HE 5635 A4 1975)

Church, Donald E. "Highway Share of Intercity Shipments by Manufacturers in the United States," Traffic Quarterly, 25 (January 1971), 5-16.

Factors considered are industrial groups, private truck share, plant size, geographic area, and the relationship of weight, distance and highway share.

Davis, Frank W. Jr.; Heathington, Kenneth W.; Symons, Richard T.; and Griesse, Stephen C. "Bus and Taxi Package Express: a Major Component of Urban Goods Movement." Transportation Research Forum. Proceedings of the 15th Annual Meeting, October 10-12, 1974, San Francisco, Calif. Oxford, Ind.: Richard B. Cross Company, 1974. pp. 145-152.

The article examines reasons for a shipper's choice of bus or taxi transport and the advantages and disadvantages of such a service. Various case studies are used to illustrate the arguments presented. (JPT)

Easton, Sir James. Transportation of Freight in the Year 2000, with Particular Reference to the Great Lakes Area. Detroit, Mich.: Detroit Edison Co., 1970. 129 pages.

Chapter 3, "The Trucking Industry" (pp. 25-38), looks at intercity trucking which is in competition with other modes, and intercity trucking in relation to the metropolitan area. In the latter case the degree of competition is considerably reduced. The chapter also covers the nature and growth of the industry, trucking classification, and the industry's problems in the metropolitan sector. (MTC 380.51 Ea7)

Hartwig, James C., and Linton, William L. Disaggregate Mode Choice Models of Intercity Freight Movement. Evanston, Ill.: Northwestern University, Transportation Center, 1974. 112 pages.

"This thesis investigates the applicability of using disaggregate mode choice models to examine intercity freight mode choice. Logit, probit, and discriminant models are applied to disaggregate rail and truck freight bill data. Variable factors included in these models are transit time, freight cost, reliability, and the value of commodity. This study concludes that freight cost, reliability, and value of commodity are very significant in freight mode choice. Furthermore all three models are found to be viable analytic forms for use in freight mode choice research." (U of T Eng. HE 5613 H35)

Kneafsey, James T. The Economics of the Transportation Firm: Market Structure and Industrial Performance. Lexington, Mass.: D.C. Heath and Company, 1974. 132 pages.

"This book is a study of the firms comprising the transportation industries in the United States. Its focus is on the industrial organization aspects of the largest transportation firms. In particular, the book examines the market structures of the airline, railroad, and motor trucking industries and the ways in which the firms in these industries behave and perform. . . ." (U of T HE 203 K55)

Lamkin, Jack. "Organization and Competition in Transportation: the Agricultural Exempt Sector." Transportation Journal, 13 (Fall 1973), 30-37.

The article deals with competitive nature of the industry, concentration, entry and exit, excess capacity, economies of scale, and market performance.

MPS Associates Ltd. The Influence of Truck-Rail Competition on Rate Patterns. Ottawa: Canadian Transport Commission, 1973. 52 pages plus appendices.

"The objective of this study is to indicate the extent to which existing truck-rail competition has affected rate patterns on Manitoba-related traffic. . . . It is primarily in the area of competition between long haul trucking and rail transport that this study focuses. The approach . . . is as follows: first, to identify factors which influence truck-rail competition for Manitoba-related traffic; second, to analyze selected representative rate changes over a five-year period for traffic moving to and from Central Canada and Manitoba, and to and from other western provinces and Manitoba; third, to indicate the extent to which changes in rates by rail have been followed by changes in highway rates, or vice-versa" (TDA HE 2301 M68)

Mallen, Bruce E., and Pernotte, Jean Francois. Decision-Making and Attitudes of Canadian Freight and Cargo Transportation Buyers. Montreal: Sir George Williams University, 1972. 49 pages.

"The purpose was to detail the decision-making process of the buyers and to elicit their general attitude towards the carriers (excluding air) and their specific attitudes towards the carriers' marketing efforts." (Scott HE 199 C3 M33)

Morton, Alexander L. Competition in the Intercity Freight Market: a Waybill Study of the Motor-Carrier Industry. Washington, D.C.: Dept. of Transportation, Office of Systems Analysis and Information, 1971. 150 pages.

The report concerns characteristics of the motor carrier industry in terms of commodities carried, truckload and less-than-truckload shipments, distance of trips, prices and price variation according to weight and length of haul. The study includes a comparison of truck and rail freight characteristics, the commodity composition of motor carrier traffic, and truck-rail competition by commodity. (MTC PB 198 578 microfiche)

Morton, Alexander L. "Intermodal Competition for the Intercity Transport of Manufacturers." Land Economics, 48 (November 1972), 357-366.

The article presents a traffic analysis of shipments of manufactured goods by rail and truck. Factors affecting modal choice are discussed.

Mozes, Stephen L. The Canadian Trucking Industry: an Economic Analysis of the Structure, Size, Existing Production Relations, Truck-Rail Competition and the Future of the Industry. M.A. thesis, Dalhousie University, 1972. 156 pages.

"An examination of the Canadian for-hire intercity trucking industry was undertaken with the aim of determining the relative strengths of road vs. rail and their respective economic sphere of influence. An attempt was made to identify the type of competition between the modes. A production function was estimated for the industry the aim of which was to determine the economies of scale which existed in this industry. The economic structure was also analyzed. Finally the future of the industry and the truck-rail competition was examined. . . ." (Ad. St. HE 5635 A6 M68 microfilm)

Podmore, David R. "An Examination of Motor Carrier Operations in the Mackenzie Valley, 1973." Roads and Transportation Association of Canada. Annual Conference Proceedings: Some Papers from Unpublished Workshops, May 2-5, 1976, Quebec. Ottawa, 1976. pp. 65-90.

The paper is based on the author's M.A. thesis (1974) and gives an historical development of trucking in the Mackenzie Valley, types of trucking services, volume of northbound commodity flow, line-haul operating costs, rates and revenues, and competition between modes. (MTC)

Rakowski, James P. "Competition Between Railroads and Trucks."
Traffic Quarterly, 30 (April 1976), 285-301.

". . . This article analyzes the competitive performance of railroad and highway operations, based on market share data and cost information. Total freight-haul tonnages as well as those for specific commodities are investigated to ascertain modal share in relation to both length of haul and shipment size. . . ."

Surti, V.H., and Ebrahimi, A. "Modal Split of Freight Traffic."
Traffic Quarterly, 26 (October 1972), 575-588.

The article covers rail and truck modal split in terms of commodity carried, size of shipment, length of haul and geographic area. It includes the application of regression models to the data.

Taff, Charles A., and Rodriguez, David. "An Analysis of Some Aspects of Operating Rights of Irregular Route Motor Common Carriers."
Transportation Journal, 15 (Winter 1975), 31-42.

The study examines six classes of irregular route common carriers and indicates that this segment of the industry is becoming increasingly competitive.

Watson, Peter L.; Hartwig, James C.; and Linton, William E. "Factors Influencing Shipping Mode Choice for Intercity Freight: A Disaggregate Approach." Transportation Research Forum. Proceedings of the 15th Annual Meeting, October 10-12, 1974, San Francisco, Calif. Oxford, Ind.: Richard B. Cross Company, 1974. pp. 138-144.

The paper concerns the "mode choice decision between truck and rail for the intercity movement of a manufactured good. . . ." and includes a discussion of the variables on which data are required and analysis of the data. (JPT)

Wyckoff, D. Daryl. Organizational Formality and Performance in the Motor-Carrier Industry. Lexington, Mass.: D.C. Heath and Company, 1974. 125 pages.

The book concerns the regulated common motor carriers of general commodities and covers nature, structure and operations of the industry, discusses general models of organizational development and behaviour, and constitutes an analysis of the effect of formal organizational development procedures on the industry.
(U of T HE 5623 W9)

IV. RATE-MAKING

American Trucking Associations, Inc. Dept. of Research and Transport Economics. "Regulation of Motor Freight Transportation: a Quantitative Evaluation of Policy [by] James Sloss. Bell Journal of Economics and Management Science, Autumn 1970, Vol. 1, No. 2: an Analysis." [Washington, D.C.], n.d. 9 pages plus appendix.

This paper discusses "questions concerning the data used by Mr. Sloss and the validity of the factors underlying the mathematical analysis". The firm of Harter Williams and Associates, Washington, D.C. was asked to evaluate the statistical and econometric methods used. This analysis is attached as Appendix A to the ATA analysis. (OTA)

Archer Consulting Ltd. Tabulation of Motor Carriers Freight Rates. Ottawa: Ministry of Transport, 1975. 3 vols.

The report tabulates freight rates for 122 city pairs across Canada. (TDA HE 5635 .A6 A73)

Barrett, Colin. The Theory and Practice of Carrier Rate-Making. Reprint from Transportation and Distribution Management, n.d. 16 pages.

This pamphlet covers profit motive and value-of-service, costs and cost-based rates, collective rate-making, regulation and the zone of reasonableness, role of tariff bureaux, and shippers' rights. (MTC 380.5 B275)

Canadian Manufacturers' Association. History of Freight Rate Changes in Canada; a Chronology of the Significant Adjustments in Domestic and International Freight Rates Implemented by Railways and Highway Carriers in Canada Between April 8, 1948 and March 1, 1971. [Toronto, 1971.] 44 pages.

The report covers both rail and truck rates and indicates the difficulty in gathering motor carrier data because of the various jurisdictions under which trucking comes. The effective dates with particulars are given.

Centre de Productivite des Transports du Quebec. Study Concerning Truck Transportation and Economic Factors in the Province of Quebec. Prepared for the Quebec Tariff Bureau Inc. in reply to the IBI Group study, A Preliminary Examination of Truck and Transport Rates in Canada. N.p., January 1976. 35 pages.

This report critiques the study by IBI and attempts to correct erroneous statements in that study. The report covers Montreal as the economic centre, evaluation of pickup and delivery costs in Quebec, distribution area and territories covered from the city of Montreal, comments on the methodology used in the IBI study, use of the ton-mile as a basis of comparison, and rate study in Quebec based on freight bills. (OTA)

Davis, Grant M., and Sherwood, Charles S. Rate Bureaus and Antitrust Conflicts in Transportation: Public Policy Issues. New York: Praeger Publishers, 1975. 216 pages.

This is an overview of rate bureaux in the railroad and regulated segment of the motor carrier industry and includes a discussion of the development of rate bureaux, the economic and procedural framework for conference rate-making, and an evaluation of rate-making. (Scott HE 195.5 U6 D38 1975)

* Elliot, Dale. Tariff Bureau as Related to the Trucking Industry. N.p.: n.p., April 1975.

Fellmeth, Robert C. The Interstate Commerce Omission: the Public Interest and the ICC. New York: Grossman Publishers, 1970. 423 pages.

This is the Ralph Nader Study Group report on the ICC and transportation. Of particular interest are the chapters on rates and failure of enforcement. (U of T HE 206.2 F4)

Goodman, L.S. "Recent Trends in Transport Rate Regulation." Michigan Law Review, 70 (June 1972), 1225-1278.

The article describes "the trends in the [Interstate Commerce] Commission's work during the 1960's in some of the areas of rate regulation that could not be settled by mere reference to costs, and in other areas of changing rate policy. . . ." It is also a repudiation of the claims made in The Interstate Commerce Omission.

House, R.K. "Regulation Under the National Transportation Act and the Conflict of Jurisdictional Authority." Paper presented at the Conference on Canadian National Transport Policy, May 23-25, 1972, York University, Downsview, Ont. 25 pages.

The paper considers the dual regulation of transport by federal and provincial governments. It states that the effects of the National Transportation Act in attempting to eliminate cross-subsidization of traffic may give rise to changes in available transportation capacity and price, when integration with provincial regulations is imposed on competing carriers. (JPT)

House, R.K. and Associates, Ltd. Tariff Bureaux in Canada. Ottawa: Ministry of Transport, 1976. 1 vol.

Contents: Pt. 1: Tariff Bureaux: an Overview of Their Function and Operation. - Pt. 2: Description of Tariff Bureaux. The report examines eight tariff bureaux concerned with interprovincial and intra-provincial trucking rates.

- * IBI Group. A Preliminary Examination of Truck and Rail Transport Rates in Canada. Ottawa: Ministry of Transport, September 1975.

The truck data in this study are based on the Archer and Trimac reports.

Jerman, R.E.; Constantin, J.A.; and Anderson, R.D. "Rate Structure for Small Shipments: a Proposal and an Assessment of Users' Attitudes." Transportation Journal, 15 (Summer 1976), 48-57.

Carriers are reluctant to keep up with the demand for small shipments because of the high costs. The article proposes a new rate structure taking into consideration four functional cost centres: pickup and delivery, platform, documentation and line haul.

Munro, John M. "Regulation of Motor Freight Transportation: a Comment." N.p., n.d. 16 pages.

This is a critique of the Canadian analysis in James Sloss' article, "Regulation of Motor Freight Transportation: a Quantitative Evaluation of Policy", Bell Journal of Economics and Management Science, 1 (Autumn 1970), 327-366. (OTA)

Olson, J.E. "Price Discrimination by Regulated Motor Carriers." American Economic Review, 62 (June 1972), 395-402.

The paper extends "the simple one-product model of price discrimination to the motor common carrier freight industry in order to predict its rate structure under the assumption of monopoly price discrimination. The model is then tested using class rates of motor common carriers of general freight."

Ontario. Ministry of Transportation and Communications. An Investigation of Freight Rates and Related Problems, Northern Ontario: Executive Summary. Downsview, Ont., March 1976. 25 pages.

The report outlines twenty problem areas with recommendations. The review was to "isolate illogical transportation conditions that could lessen the competitive nature of Northern Ontario goods . . ." Various modes of transportation including trucking are included. Background Papers were prepared for this report. (MTC 380.52 On8TC 1976)

Ontario Northland Transportation Commission. Ontario Northland Transportation Commission: Freight Rate Reductions. Toronto, June 1973. 25 pages.

This report results from the announced freight rate reductions for a list of selected commodities on the provincially owned Ontario Northland Railway and Star Transfer, a trucking subsidiary of the ONTC. This action was taken to reduce consumer prices in Northeastern Ontario and to improve the competitive ability of northeastern manufacturers in southern markets. A list of the selected commodities and explanation of the methodology used in the study are included. (OTA)

Palmer, John. "A Further Analysis of Provincial Trucking Regulation." Bell Journal of Economics and Management Science, 4 (Autumn 1973), 655-664.

Palmer examines similar work by J. Sloss and D. McLachlan in which they use "cross-sectional analysis to test the effects of different rate-regulatory schemes in different provinces on the average revenue per ton-mile in the Canadian trucking industry. This paper takes those authors to task for using econometric models which imply incorrect economic theory . . ."

Prabhu, M.A. "Freight Rate Regulation in Canada." McGill Law Journal, v. 17, no. 2 (1971), 292-359.

Pages 336 to 346 of this article cover regulation of highway transport, while the rest deals mainly with regulation of rail transport. This section discusses the need for and feasibility of regulation, and control of entry.

"Rate Regulation: Who Needs It? We Do!" Truck Canada, 22 (May 1974), 42-43, 45.

The article outlines the pros and cons of rate regulation in Ontario as discussed at the 1974 Shipper-Carrier Conference.

Sloss, James. "Regulation of Motor Freight Transportation: a Quantitative Evaluation of Policy." Bell Journal of Economics and Management Science, 1 (Autumn 1970), 327-366.

"This study develops a way of using data to measure certain economic effects of transport regulation, particularly the rate effects associated with regulation of the motor carrier industry. . . ." The study indicates that trucking charges are higher in the presence of regulation for both Canada and the U.S.

Sloss, James. "The Regulation of Motor Freight Transportation in Canada: a Reappraisal of Policy." Paper presented at the Conference on Socioeconomic Experience Abroad, Cornell University, Ithaca, N.Y., July 22-23, 1975. 30 pages.

This is an update of the author's article "Regulation of Motor Freight Transportation: a Quantitative Evaluation of Policy" published in the Bell Journal of Economics and Management Science, Autumn 1970. (TDA HE 199 .C2 S56)

Summerley, R.G. "Transportation and Regional Development: a Look at Northeastern Ontario." Roads and Transportation Association of Canada. Annual Conference Proceedings, September 22-26, 1974, Toronto. Ottawa, 1974. pp. 180-196.

The paper describes an experiment conducted in Northeastern Ontario during the summer of 1973 to determine the impact of freight pricing for both rail and truck modes. The study indicated that transport costs were generally not responsible for the increased cost of consumer goods in the north. (MTC)

- * Trimac Consulting Services Limited. Highway Freight Data for Selected City Pairs. Ottawa: Ministry of Transport, April 1975.

Walter, C.K. "Measuring Pick-Up and Delivery Costs for Small Shipments." Transportation Journal, 14 (Fall 1974), 51-56.

"One of the primary cost centers for trucking companies handling LTL traffic is their pick-up and delivery operations. This article describes a study of carrier pick-up and delivery costs and arrives at a method of measuring these costs for varying shipment sizes. . . ."

Woods, Douglas W., and Domencich, Thomas A. "Competition Between Rail and Truck in Intercity Freight Transportation." Transportation Research Forum. Proceedings of the 12th Annual Meeting, October 18-20, 1971, Philadelphia, Pa. Oxford, Ind.: Richard B. Cross Company, 1971. pp. 257-288.

The paper examines the effects of rate regulation on the current modal split, the value to shippers of superior truck service, cost comparisons, and the effect of truck traffic on highway expenditures. (U of T HE 1 T83 1971)

V. SERVICE TO SMALL CENTRES

- * American Trucking Associations, Inc. Public Relations Dept. Small Town Blues. Washington, D.C., 1976. 12 pages.

"A survey of what effects deregulation of the American trucking industry would have on small communities and non-urban areas of the United States."

Horosko, Andrew T., and Bergan, Arthur T. "Potential for Consolidation of the Saskatoon Based Common Carriers." Roads and Transportation Association of Canada. Annual Conference Proceedings: Some Papers from Unpublished Workshops, May 2-5, 1976, Quebec. Ottawa, 1976. pp. 5-28.

". . . This paper presents the common terminal concept and discusses the effects implementation of this concept would have

on the pickup and delivery and interline operations of the for-hire common carriers in Saskatoon. . . ." This project was undertaken by the Transportation Development Agency, the Ministry of State for Urban Affairs, Underwood McLellan and Associates Ltd., and the Transportation Centre at the University of Saskatchewan. (MTC)

Ontario Lumber Manufacturers' Association. Brief Submitted on Behalf of the Ontario Lumber Manufacturers' Association to the Hon. John R. Rhodes, Minister of Transportation and Communications: Transportation Problems Facing the Lumber Industry [and] Amendments to the Public Commercial Vehicles Act and Regulations Thereunder. N.p., [1974.] 14 pages.

The brief outlines transportation problems of the lumber industry in Northern Ontario caused by the rapid development of the industry and corresponding lack of adequate transportation services. Amendments to the PCV Act are suggested. (OTA)

Ontario Lumber Manufacturers' Association. Reply to the Brief Submitted by the Ontario Transport Association, Submitted on Behalf of the Ontario Lumber Manufacturers' Association to the Hon. John R. Rhodes, Minister of Transportation and Communications, Regarding Transportation Problems Facing the Lumber Industry [and] Amendments to the Public Commercial Vehicles Act and Regulations Thereunder. N.p., October 28, 1974. 7 pages.

OLMA maintains that the lumber industry requires continuing transportation service which is not provided by licenced carriers which are based in Southern Ontario. The problem of empty backhaul is examined. (OTA)

Ontario. Ministry of Transportation and Communications. Truck Capacity Analysis Study (Northern Ontario Lumber Industry). Downsview, Ont., [1975?] 7 pages plus 5 figures.

This analysis was undertaken by the Ontario Ministry of Transportation and Communications as a result of the Ontario Lumber Manufacturers' Association's request to rescind PCV licence requirements. In general, the results of the study show that there is adequate service for the transportation of lumber with the possible exception of Northeastern Ontario (Cochrane, Timiskaming and the portion of Nipissing north of North Bay). (OTA)

Ontario Trucking Association. Submission by Ontario Trucking Association to the Hon. John R. Rhodes, Minister of Transportation and Communications in Reply to the Brief of the Ontario Lumber Manufacturers' Association on the Deregulation of the Trucking of Lumber and Associated Products. Rexdale, Ont., October 17, 1974. 13 pages plus appendices.

The submission affirms OTA's opposition to relaxing government control of trucking because of the threat of bankruptcy to regulated carriers and lack of concern for the public interest. OTA maintains that there is sufficient truck transportation to accommodate service to the lumber industry. This brief analyzes inaccuracies in the OLMA's brief and deals with the consequences of deregulation. (OTA)

Sparks, Gordon A., and Salloum, Doug D. Increases in Expenses and Revenues for General Merchandise Carriers in Saskatchewan, 1971-1974. Saskatoon, Sask.: The Transportation and Geotechnical Group, Dept. of Civil Engineering, University of Saskatchewan, 1974. 37 pages.

The study is presented in three parts: "(1) an analysis of the distribution of total operating expenses, increases in operating expenses and the effect of these increases on total operating expenses (2) an analysis of revenue-generating characteristics of general merchandise carriers, rate increases and effect of rate increases on revenues and (3) a comparison of increases in operating costs with the increases in revenue resulting from increases in rates." Although the study does not deal with service to specific rural areas of the province, it implies that many of the for-hire trucking firms servicing rural areas are experiencing financial difficulties. (OTA)

Sparks, Gordon A., and Shaw, Michael F. "Saskatchewan Motor Carrier Freight Transportation: Its Development and Role." Roads and Transportation Association of Canada. Annual Conference Proceedings: Theme Sessions, September 22-26, 1975, Calgary. Ottawa, 1975. pp. 241-264.

This paper concerns the importance of trucking to the province of Saskatchewan and considers the problem of servicing sparsely populated areas as a result of the withdrawal of less-than-carload rail service to rural regions. (JPT)

VI. EMPTY BACKHAUL

Miller, E. "Effects of Regulation on Truck Utilization." Transportation Journal, 13 (Fall 1973), 5-14.

The article discusses empty backhaul and mentions previous studies. It specifies various types of trucks and differences between private and for-hire carriage.

U.S. Interstate Commerce Commission. A Preliminary Assessment of Empty Miles Traveled by Selected Regulated Motor Carriers. Prepared by C. Anthony Bisselle, The MITRE Corporation. Washington, D.C., 1976. 90 pages.

"This report presents a preliminary assessment of the empty mileage problem for motor carriers of property. Six large carriers were interviewed - two each from the categories of general freight, petroleum products, and household goods. The information gathered concerns the percentage of empty miles experienced annually, reasons for the empty miles as well as for circuitous miles, and fuel consumption rates for empty and loaded trucks. . . ."

VII. ECONOMIC EFFECTS OF RECIPROCITY

Automotive Transport Association of Ontario. Public Commercial Vehicle Licence Fees: a Submission by the Automotive Transport Association of Ontario for the Consideration of Hon. Gordon Carton, Q.C., Minister of Transportation and Communications. Rexdale, Ont., September 1, 1973. 25 pages.

In response to the government's increase in PCV fees, the Association requests that the fees cover the costs of administering and enforcing the PCV Act. The brief deals with the impact of the PCV licence fee on for-hire carriers. (OTA)

Belanger, Gilles J. Presentation on Reciprocity Made to the Select Committee on Highway Transportation of Goods. N.p., August 25, 1976. 13 pages.

The paper discusses interprovincial and international (Canada-U.S.) reciprocity and includes a section on Ontario laws providing for reciprocal privileges. The author suggests a tax sharing agreement as a solution (i.e. proration of sales tax, fuel tax and registration fees according to the miles driven in each jurisdiction). (OTA)

"CTA Outlines Plan for Uniformity for Sizes & Weights . . . Licence Reciprocity." Truck Canada, 21 (July 1973), 18, 20, 22-23.

Includes a discussion of a proposed licence reciprocity agreement.

Lawrie, M. "Canadian Trucking Industry Sees Need for Uniform Fuel Tax System." Bus and Truck Transport, 50 (August 1974), 18-20.

A discussion of fuel tax problems especially for extra-provincial truckers.

"OTA Discusses Fuel Tax with Revenue Minister." Truck Canada, 24 (April 1976), 22.

Methods of applying the diesel fuel tax are discussed.

* Private Carrier Conference. Reciprocity Guide for Private Motor Carriers. 1975 ed. Washington, D.C., 1975. 122 pages.

A comprehensive state-by-state (including Canadian provinces) list of regulations, fuel purchase laws, mileage taxes, trip permits, excess size and weight permits, and registration requirements. MTC Library has the 1972-73 edition.

U.S. Dept. of Transportation. Federal Highway Administration. Effects of Current State Licensing, Permit, and Fee Requirements on Motor Trucks Involved in Interstate Commerce. Prepared by Midwest Research Institute. Washington, D.C., 1975. 128 pages and appendices.

". . . The report concentrates on four categories of legalization requirements, namely: vehicle registration fees, motor fuel taxes, third structure taxes, and public utilities commission

permits. The study found that each State typically requires two to four items of clearance for Interstate truck passage, and that from State to State, compliance procedures and fees differ substantially. . . ." Interviews were used extensively to collect the data. (MTC PB 241 983 pc)

VIII. ECONOMICS OF VARIOUS TYPES OF MOTOR CARRIER FIRMS

Barker, B.C. "Private Trucking: Is It Right for Your Company?" Bus and Truck Transport, 50 (March 1974), 18-21.

The discussion concerns distribution management, utilization of equipment, costs and profits.

Conroy, R.G. "Capital Requirements of the Motor Carrier Industry." Transportation Research Forum. Proceedings of the 11th Annual Meeting, October 22-24, 1970, New Orleans, La. Oxford, Ind.: Richard B. Cross Company, 1970. pp. 267-277.

The paper outlines the financial status of the American trucking industry, reasons for this position and possible suggestions for improving it. (MTC)

Dicer, Gary N. "Economies of Scale and Motor Carrier Optimum Size." Quarterly Review of Economics and Business, 11 (Spring 1971), 31-37.

This is a general approach to the issue of economies of scale and motor carrier optimum size. The author mentions two previous studies. He examines factors leading to economies and diseconomies of scale and concludes that the optimum size may be larger than expected because of the trend to mergers.

The Elements of Private Carriage. Reprint from Transportation and Distribution Management, 1970. 30 pages.

The article deals with advantages and disadvantages of private carriage in the U.S., laws regarding private carriage and traffic balance. A supplement entitled "The Choice of Leasing" by William B. Wagner is included. (MTC 388.324 E1.26)

Hoekenga, Earl N. "The 'Sum of Money' Needed to Provide the Capacity to Render Service." Transportation Research Forum. Proceedings of the 13th Annual Meeting, November 8-10, 1972, Denver, Colo. Oxford, Ind.: Richard B. Cross Company, 1972. pp. 163-170.

The article deals with the financial status of the motor carrier industry and the undertaking of the "Sum of Money" Project with a view to improving the industry's financial position as a result of the ICC's revenue-need criteria. (JPT)

Johnson, James C. "An Analysis of the 'Small-Shipments' Problem with Particular Attention to Its Ramifications on a Firm's Logistical System." ICC Practitioners' Journal, (July-August 1972), 646-666.

The paper examines the nature of the small shipments problem, its significance from the business firm's logistical point of view, and proposed and optimum solutions.

Johnson, James C. "The Small-Shipments Problem: Fact or Fiction?" ICC Practitioners' Journal, (March-April 1973), 291-307.

The article reports on a survey of carriers and shippers regarding the nature of the small shipments problem and proposed solutions. Results of the survey indicate that the problem is less severe than previously thought.

Johnson, Martha. Improving Motor Truck Social, Environmental, and Economic Utilization: a Literature Review. Detroit, Mich.: Motor Vehicle Manufacturers Association, 1975. 113 pages.

The report covers the business literature for 1973, 1974 and the first six months of 1975 and attempts to objectively present the various sides of major issues and suggests area for further research. Topics covered are economic regulation, better utilization of equipment, logistics improvement, highways and roads, the environment, financing, and the driver environment and vehicle safety. Coverage is American. (OTA)

Kneafsey, James T. Transportation Economic Analysis. Lexington, Mass.: D.C. Heath and Company, 1975. 418 pages.

This book deals with the economic theory of the firm as applied to the transportation industry. The author outlines various oligopoly models for transportation markets and discusses the objectives of transportation regulation. Chapters on the motor trucking industry and the economics of scale within it are included. (U of T HE 151 K57)

- * Koenker, Roger W. The Estimation of Input Demand Functions and the Relative Economic Efficiency of Regulated Trucking Firms. Ph.D. thesis, University of Michigan, 1974. 130 pages.

"A system of input demand equations serves as a convenient reduced form statistical model for empirical micro-economic studies of production. . . ." For complete abstract, consult Dissertation Abstracts International, Volume 35/05-A, page 2491.

- Lawrie, M., and Bailey, A. "Leasing is Looming Larger." Truck Canada, 21 (August 1973), 19, 22, 24-27.

A discussion of the current situation of leasing and comparison of leasing and buying.

- Levine, Harvey A. "Supporting Motor Carrier Revenue Need; What the Future Holds!" Transportation Research Forum. Proceedings of the 13th Annual Meeting, November 8-10, 1972, Denver, Colo. Oxford, Ind.: Richard B. Cross Company, 1972. pp. 171-187.

The paper traces "the historical development of the Interstate Commerce Commission's revenue-need criteria for motor carriers", discusses "how carriers reacted to such criteria, speculates as to what the future criteria may (or at least should) be", and raises "the issues facing both motor carriers and the regulators if such criteria are developed". (JPT)

- Miller, Mark S. Motor Carrier Terminal Location in Chicago Region: a Staff Technical Report. Chicago, Ill.: Chicago Area Transportation Study, 1974. 215 pages.

Originally presented as the author's thesis, Northwestern University, it attempts to "establish the primary criteria considered when choosing a motor carrier terminal designed to handle intercity less-than-truckload (LTL) shipments." (Scott HE 5634 C4 M54 1974)

- Murphy, R.L. "Private or For-Hire?" Distribution Worldwide, 74 (September 1975), 39-41.

The article deals with the pros and cons of private and public carriage.

Oi, Walter Y., and Hurter, Arthur P. Jr. Economics of Private Truck Transportation. Dubuque, Iowa: Wm. C. Brown, 1965. 365 pages.

Research performed for the Transportation Center, Northwestern University, Evanston, Ill. The work covers the growth of highway transportation, private truck fleets of large shippers (1939-1961), industrial and regional incidence of private trucking, firm size and feasibility, costs of highway transportation, value-of-service component in rail freight revenues, and an empirical analysis of the private carriage option. Much of the data was obtained from a survey of shippers conducted in 1962 by the Transportation Center. The data were analyzed using an economic model of vertical integration which assumes that proprietary trucking will be employed by a firm whenever it is profitable for the firm. (MTC 388.324 O)

"Private Trucking Report." Canadian Transportation and Distribution Management, 75 (December 1972), 15-21.

Several articles comprise the report which deals with the advantages, disadvantages and costs of private trucking.

Rutter, Kenneth James. The Locations and Relocations of Class "A" Common Carrier Terminals in the City of London, 1950-1975. Submitted in fulfillment of the requirements of Geography 490, Dept. of Geography, University of Western Ontario, 1976. 63 pages.

The thesis deals with terminal operations and facilities, spatial distribution of terminals within the city of London (mapped for five year intervals), and factors that affect the location of terminals. Answers to the questionnaire (Appendix II) were used to compile the data. (OTA)

Shrock, D.L. "Motor Carrier Cost Analysis: the Next Step." ICC Practitioners' Journal, (July-August 1975), 572-587.

". . . Included in this presentation are: (1) a discussion of the general problem of cost determination as related to motor carrier operation, (2) a description of both early and recent developments in the literature on motor carrier costs, (3) an analysis of potential solutions to the problem and difficulties encountered in their implementation, and (4) a discussion of the advantages and disadvantages arising from the adoption of a modified cost analysis system. . . ."

Sigg, Bernard V. "The Economic Efficiency of Private Motor Transportation." Transportation Research Forum. Proceedings of the 15th Annual Meeting, October 10-12, 1974, San Francisco, Calif. Oxford, Ind.: Richard B. Cross Company, 1974. pp. 439-442.

The paper examines the relative costs of private and for-hire motor carriage and identifies the empirical economic efficiencies of private motor transportation. It concludes that the average private carrier is more efficient. (JPT)

Silberman, Irwin H. The "Sum of Money": an Assessment of the Financial Posture and Revenue Needs of Motor Common Carriers of General Freight. Washington, D.C.: Regular Common Carrier Conference, 1975. 33 pages.

The report updates an earlier report having the same title and published in April 1973. The objectives of the research were "to document the financial profile of the industry; to develop meaningful criteria for measuring the performance of the industry; and to relate those criteria to the issues of revenue needs and required earnings levels". The report covers 1968 to 1972. (OTA)

Stuessy, Dwight. "Cost Structure of Private and For-Hire Motor Carriage." Transportation Journal, 15 (Spring 1976), 40-48.

The paper explains why private motor carriage has a cost advantage over for-hire carriage in the small shipment/short haul range.

* Stuessy, Dwight. The Economic Determinants of Private Trucking. Ph.D. thesis, George Washington University, 1973. 219 pages.

"This study identifies and quantitatively verifies economic reasons for the existence of private truck operations. . . . The study theorizes that private trucking is the result of profit maximizing behavior on the part of shippers. . . ." For complete abstract, consult Dissertation Abstracts International, Volume 34/09-A, page 5443.

Taff, Charles A. Commercial Motor Transportation. 5th ed. Cambridge, Md.: Cornell Maritime Press, 1975. 559 pages.

Planned as a textbook for courses in motor transportation and carrier management, the book deals with highways and highway financing, equipment, types of operations, localized and specialized carriers, economics of commercial motor transportation,

financing motor carrier operations, management and operations, labour relations, terminal operations, claims, insurance, motor freight classification, rates, and regulation. (MTC 388.3 T.123 1975)

Tett, W.A. "Financial Considerations in Planning for Private Motor Transportation." Transportation Journal, 12 (Winter 1972), 20-27.

The article covers capital budget, planning capital acquisitions and leasing as an alternative to buying.

Voorhees, Alan M. and Associates. Freight Terminal Characteristics Related to Ground Transportation Access. East St. Louis, Ill.: East-West Gateway Coordinating Council, 1970. 62 pages.

This study concerns the impact of freight terminals on the highway transportation system, and is the second phase of the terminal facilities study. Data and information collected in the first phase, entitled Terminal Facilities Inventory, completed in August 1969, were used to develop the second phase. The study covers truck and trailer-on-flat-car terminals, terminal area characteristics, and traffic demand characteristics. (MTC 388.33 V)

Vreeland, Barrie. Private Trucking from A to Z. 2d ed. New York: Shippers Conference of Greater New York, 1969. 434 pages.

The book covers the main aspects of private trucking based on the author's experience. It includes legal issues, owning versus leasing, taxes, licences, reciprocity, and control and management of private motor transport expenses. (MTC 388.324 V957 1969)

Wild, Stan. "Sell Your Fleet and Leave the Trucking to Us." Canadian Transportation and Distribution Management, 79 (May 1976), 40-42, 44.

The article presents the advantages of contract trucking in terms of service, costs, fleets and drivers.

Wright, R.D. "An Industrial Dynamics Implementation: Growth Strategies for a Trucking Firm." Sloan Management Review, 13 (Fall 1971), 71-86.

"This paper describes the development and application of an industrial dynamics model in a trucking firm. The study concentrated on factors thought to dominate potential growth. Changes in the firm's operating policies were suggested and implemented successfully. Resultant improvement in sales, profits, service levels, and capacity utilization validated the model's predictions. . . ."

Wyckoff, D. Daryl. "Which Truckers Compete With Us?" Modern Railroads, 29 (November 1974), 65-67.

A discussion of the operating differences of the common carrier, the owner-operator and the private carrier, and a brief analysis of competition among the three types of truckers and with the railroad.

Wyckoff, D. Daryl, and Maister, David H. The Owner-Operator, Independent Trucker. Lexington, Mass.: D.C. Heath and Company, 1975. 166 pages.

The book examines the role of the owner-operator in the motor carrier industry, components of the owner-operator expenses (i.e. revenue, capital expenses, maintenance, licences and permits, driver's payment), the owner-operator as a competitor, legal issues, and the "shut-down" in late 1973 and early 1974. (U of T HE 5623 W92)

IX. SUPPLY AND DEMAND

Canada. Transport Commission. Econometric Forecasting Unit, and Zohar Associates. "Freight Transport Demand: an Econometric Study." Transportation Research Forum. Proceedings of the 16th Annual Meeting, November 3-5, 1975, Toronto. Oxford, Ind.: Richard B. Cross Company, 1975. pp. 63-71.

This technical article outlines the development of a detailed econometric model which will provide conditional forecasts of transportation flows given a set of assumptions regarding the state of the economy. (JPT)

- * Cherry, Russell C. Jr. Production, Demand and Investment in Regulated Trucking: an Econometric Study. Ph.D. thesis, Brown University, 1972. 106 pages.

"The thesis is a theoretical and empirical comparison of the effects of regulation by operating ratio and rate of return regulation. A brief look at industry characteristics is followed in subsequent chapters by extensive development of mathematical models of regulation. . . ." For complete abstract, consult Dissertation Abstracts International, Volume 33/08-A, page 3889.

- Ellison, T.D. "Trucking Rates and Regional Development: a National Viewpoint." Roads and Transportation Association of Canada. Annual Conference Proceedings, September 22-26, 1974, Toronto. Ottawa, 1974. pp. 197-216.

The main discussion concerns various factors in regional development and collection of supporting data. Transportation needs were then determined following an optimal market distribution network which was compared to the existing situation. (MTC)

- Sloss, J. "The Demand for Intercity Motor Freight Transport: a Macroeconomic Analysis." Journal of Business, 44 (January 1971), 62-68.

". . . One purpose [of the paper] is to test a hypothesis that increases and decreases in the volume of goods or services demanded of an entire industry are dependent on the same factors which normally account for changes in demand for the output of a single firm, in accordance with the postulates of micro-economic theory. The second purpose is to develop a method for estimating the requirements for additional highway facilities to meet the anticipated growth of the commercial trucking industry. . . ."

X. INTERMODAL TRANSPORT

- Bailey, A. "Trucking's New Role in Intermodal Transportation." Truck Canada, 21 (September 1973), 32-34.

A discussion on containers.

Lieb, Robert C. Freight Transportation: a Study of Federal Intermodal Ownership Policy. New York: Praeger Publishers, 1972. 224 pages.

The study presents "a comprehensive legal and economic analysis of the concept of intermodal ownership" based on the U.S. situation. Limited to domestic freight transportation, the study concerns all modes of transportation with the emphasis on common carriage. More specifically, the study examines the nature of intermodal coordination and outlines alternative policies, traces the development of regulations governing ownership, and analyzes the effects of existing ownership policies on the domestic transportation system. (MTC 380.5 L621)

Morash, E.A., and Hille, S.J. "The Potential of Fuel Savings Through the Increased Use of U.S. Rail Piggyback." Logistics and Transportation Review, v. 10, no. 3 (1974), 267-275.

"This article explores the feasibility of shifting intercity movements from truck to rail piggyback to conserve fuel. While such shifts have often been suggested this study indicates that they are not feasible. . . ." Less potential growth for piggyback traffic and less potential fuel savings are predicted.

Reebie Associates. An Improved Truck/Rail Operation: Evaluation of a Selected Corridor; Final Report. Washington, D.C.: Dept. of Transportation, Federal Highway Administration, 1975. 245 pages.

The report deals exclusively with a single corridor: Los Angeles to Portland with Sacramento as an intermediate point. It covers estimates of traffic diversions to an improved intermodal operation; impact of diversion on carriers, shippers and labour; and the impact of diversion on highway programs. The results show that an improved intermodal service could have a significant impact on motor carriers specializing in full trailer load service, while the impact on LTL regular route common carrier truckers would be modest. Savings in terms of time and money were also predicted. (OTA)

Romoff, Harvey M. "Multi-Modal Transportation, Some Comments Based on the Canadian Experience." Transportation Research Forum. Proceedings of the 11th Annual Meeting, October 22-24, 1970, New Orleans, La. Oxford, Ind.: Richard B. Cross Company, 1970. pp. 177-184.

The article discusses the advantages of multi-modal ownership. Canadian Pacific is cited as an example

XI. LABOUR IN THE MOTOR CARRIER INDUSTRY

- * Arnold, Thomas R. The Teamsters Union as a Determinant of the Structure of the Trucking Industry. Ph.D. thesis, Syracuse University, 1970. 193 pages.

"This dissertation examines the effect of collective bargaining on the structure of industry. More specifically, it attempts to determine whether or not the process of collective bargaining can, under given conditions, reduce the amount of competition in an industry. . . ." For complete abstract, consult Dissertation Abstracts International, Volume 31/11-A, page 5609.

Canadian Trucking Association. Submission by Canadian Trucking Association on Behalf of the Extra-Provincial "For-Hire" Trucking Industry to the Commission of Inquiry into Hours of Work Standards Pursuant to Part III of the Canada Labour Code. Ottawa, 1974. 1 vol.

An update of the 1971 report. (OTA)

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June 1976

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Labour - Ontario. Ministry of Labour Library

MCBu - Metro Central Business Library

MCSS - Metro Central Social Sciences Library

MTC - Ontario. Ministry of Transportation & Communication Library

NY W - North York Public Library - Willowdale

Nat Res - Mines - Ontario. Ministry of Natural Resources - Mines
Library

OTL - Legislative Library of Ontario.

TEIGA - Ontario. Ministry of Treasury, Economics & Intergovernmental
Affairs Library

U of T - University of Toronto. Faculty of Law Library

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Business Periodicals Index

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PAIS

On motion by TERMS OF REFERENCE OF SELECT COMMITTEE ON HIGHWAY SAFETY
Mr. Welch moves, seconded by Mr. Deans,

Ordered

That a Select Committee of the House be appointed to study the overall question of highway safety in all its phases, including the problems associated with drinking and driving, the methods of accident prevention now in general use, driver education in school system and public education, and to examine and consider any proposals designed to reduce the number of highway accidents submitted to the Committee and to report on methods to achieve greater safety on the highway, and more particularly, such matters as:

- the regulation and control of traffic through enforcement;
- stricter enforcement of the laws that pertain to drinking-driving offences for all ages;
- driver examination and licensing standards;
- driver improvement and rehabilitation, including the demerit point system and traffic clinics (North York Traffic Tribunal);
- an assessment of potential benefits of photos on non-counterfeitable drivers' licenses and methods of implementation and administration;
- an assessment of benefits of a vehicle registration and title system;
- an assessment of benefits of Ontario's motor vehicle inspection programs;
- the transportation of children to and from school and the vehicles and their drivers;
- the licensing of driving schools;
- equipment standards for tow trucks;
- operation of multiple vehicle combinations (pup trailers);
- the benefits of the application of a penalty against any person who leaves keys in the ignition lock of an unattended motor vehicle;
- the most appropriate type of helmet for moped riders;
- and such other matters as may be referred to the Committee by the Minister of Transportation and Communications;

And to submit an interim report to the Assembly not later than September 31, 1976, and a final report not later than December 31, 1976.

And that the Select Committee have authority to sit during recesses and the interval between Sessions and have full power and authority to employ counsel and such other personnel as may be deemed advisable and to hold meetings and hearing in such places as the Committee may deem advisable and to call for persons, papers and things and to examine witnesses under oath, and the Assembly doth command and compel attendance before the said Select Committee of such persons and the production of such papers and things as the Committee may deem necessary for any Speaker may issue his warrant or warrants.

And that the said Committee be composed of thirteen Members, as follows:

Mr. Young (Chairman), Messrs. Bounsall, Breaugh, Ferrier, Givens, Johnson (Wellington-Dufferin-Peel), Kennedy, Maeck, McCague, Mackenzie, Nixon, Norton, Riddell.

APPENDIX - I

INTERIM REPORT REFERENCES TO FUTURE INTENTIONS OF THE COMMITTEEPage 20 Line 24

It is the desire of this Committee to establish objectives together with policies designed to achieve these objectives.

Page 28 Line 21

M.T.C. re. the

More discussion between this Committee and the Ministerial Inquiry, dated June 10, 1975 will take place before our final report is submitted.

Page 34 Line 11

The number of pending prosecutions for alleged violations of the Public Commercial Vehicles Act and the Motor Vehicle Transport Act is approximately one thousand. It may well be that changes in enforcement procedures will be required. We intend to deal with this subject in our final report.

Page 35 Line 12

We have noted the trend towards an increasing use of private transportation generally in Ontario and recognize that this too has had and will have an impact on licensed for-hire carriage. We intend to devote later chapters in the final report to private carriage.

Page 37 Line 23

While the Committee takes the view that registration should take place without delay, a more detailed proposal on the operation of driver pools will appear in our final report.

Page 43 Line 17

We are continuing to study the problem (the growth of unlicensed trucking does not lie in the removal of all regulatory safeguards), but have deemed it appropriate to report at this time.

Chapter IV Energy Line 5

We have not had the benefit to date, of testimony from the Ministry of Energy, or Search Staff from the Ministry of Transportation and Communications. Such testimony will receive consideration in our final report.

Page 54 Line 10

Further investigation is warranted into intermodal integration, and co operation; the extension of the concept of portable containers; and the use of "pups" or an additional trailer behind the power unit.

Page 54 Line 10

We intend to review this question (the empty mileage problem) in more detail between now and our final report in an attempt to evaluate the scope and nature of the question more quantitatively than we can at this time. We will be requesting the Ministry of Transportation to conduct a survey in conjunction with the industry to provide more significant data on the following, etc. (see P. 54 & 55).

Page 59 Line 20

We will have further comment on this subject (ex parte proceedings) in our final report, particularly when discussing Class "R" applications.

11. Page 60 Line 11
In our final report we will deal with the regulation of transportation within regions; but in the meantime, it is suggested that the Board will continue to hold and where necessary to expand the relatively frequent hearings in the various regions of the Province.
12. Page 61 Line 13
We are giving further study to the role of the Board in enforcement.
13. Page 70 Line 21
We will continue to explore the impact of the refusal of Ontario to become reciprocal with other jurisdictions.
14. Page 70 Line 21
We are aware of and intend to study further the degrees of the freedom of movement between the members of the European Economic Community in respect of all road transport.
15. Page 74 Line 2
The \$20 fee should be abandoned both in Ontario and Michigan. Instead, negotiations should be instituted by both jurisdictions leading to membership in the International Registration Plan or in some other equitable scheme. We shall review this recommendation in our final report in the light of any action that may have taken place in the meantime.
16. Page 82 Line 19
The Committee intends to discuss in more detail in its final report, the matters of uniformity across Canada, and of industry-government consultation.
17. Page 90 Line 6
We have been in touch with that Committee (Select Committee on Highway Safety) and will be discussing concerns which are so strongly and mutually held. Every issue involving the safety of commercial motor vehicles on our highways which comes before us will be considered by us or by the Committee on Highway Safety. We intend to comment in more detail in our final report on these subjects, when both Committees have had an opportunity to assess what improvements are necessary and what steps must be taken.
18. Page 91 Line 9
Further studies will be required to analyse the particulars of the available data (on the involvement of trucks in motor vehicle collisions.)
19. Page 92 Line 17
We will, in conjunction with the Committee on Highway Safety, examine the specific questions listed below which have been brought to our attention (See Pages 92 & 93).

APPENDIX "J" .Applications Received
1975

1. The Public Commercial Vehicles Act.

Class A	196
C	71
D	692
E	59
F	202
FF	23
FS	51
H	46
K	32
T	73
L	6

2. The Motor Vehicle Transport
Act (Canada), 6833. The Public Vehicles Act.

PV	221
PV(SB)	234
T.I.A.	380

Total 2,969

Ontario Highway Transport Board.Revenue 1975.January 1st - December 31st, 1975.

Application fees -	\$108,270.00	
Hearing costs -	38,688.37	
Tariff of Tolls -	91,658.00	
Fees for certificates, etc. -	3,525.00	
		<hr/>
Gross revenue		\$242,141.37
Less refunds on applications and tariff of tolls		<hr/> 2,985.00
Net revenue		\$239,156.37
		<hr/> <hr/>

A P P E N D I X " J "

APPLICATIONS CONSIDERED AT HEARINGS 1975

C L A S S	TRANSFER OF		APPLICATIONS				TOTAL	REVIEWS
	SHARES	LICENCES	GRANTED	DENIED	WITHDRAWN			
The Public Commercial Vehicles Act.								
A	3	9	201	22	14	249	39	
C	1	5	32	7	3	48	12	
D	3	26	244	51	49	373	20	
E	2	1	2	--	--	5	--	
F	1	6	57	6	9	79	14	
FF	-	-	6	7	4	17	--	
FS	-	2	12	1	3	18	1	
H	-	2	13	8	3	26	14	
K	-	2	13	7	6	28	2	
T	2	2	39	2	3	48	1	
The Public Vehicles Act.								
PV	1	24	67	25	18	135	7	
PV(SB)	1	8	8	2	2	21	--	
The Motor Vehicle Transport Act.								
Goods	16	17	278	57	45	413	27	
Persons	2	7	34	6	3	52	--	
Freight Fwdrs.--	-	-	4	6	3	13	--	
TOTAL	32	111	1010	207	165	1525	137	

APPENDIX "F"

Applications considered in Chambers, 1975

C L A S S	Transfer of		Applications				Interims and temporaries		Total
	shares	licences	Granted	Denied	Withdrawn	Granted	Denied		
The Public Commercial Vehicles Act,									
A	4	15	3	3	3	34	8	70	
C	1	11	6	-	-	13	2	33	
D	3	41	45	4	17	143	50	303	
E	1	4	37	-	1	8	-	51	
F	-	14	33	3	10	52	1	113	
FF	-	-	-	1	1	2	-	4	
FS	-	12	10	-	2	9	1	34	
H	1	3	1	-	5	-	-	10	
K	-	3	-	-	2	1	3	9	
L	-	-	7	-	-	-	1	8	
T	4	1	2	-	2	15	2	26	
The Public Vehicles Act.									
PV	1	8	10	2	12	60	7	100	
PV(SB)	-	52	134	3	9	18	1	217	
The Motor Vehicle Transport Act.									
Goods	12	18	32	2	8	104	31	207	
Persons	2	2	16	1	6	3	-	30	
Freight	-	-	-	-	-	-	-	-	
Forwarders	-	-	-	-	-	2	-	2	
Total	29	184	336	19	78	464	107	1,217	

	<u>Public Hearings</u>		<u>In Chambers</u>	
Year	Granted	Denied	Granted	Denied
1966	928	202	1,522	95
1967	906	301	1,005	89
1968	946	134	1,148	55
1969	958	184	676	20
1970	1,010	198	571	15
1971	1,261	279	351	11
1972	969	263	312	103
1973	1,009	146	460	29
1974	1,199	250	389	14
1975	<u>1,010</u>	<u>207</u>	<u>336</u>	<u>19</u>
Total Public Hearings	10,196	2,164	6,770	420
Add, in Chambers	<u>6,770</u>	<u>420</u>		
Totals	16,966	2,584		
Percentage granted	87		Percentage denied	13

Year	<u>Public Hearings</u>		<u>In Chambers</u>	
	Granted	Denied	Granted	Denied
1966	928	202	1,522	95
1967	906	301	1,005	89
1968	946	134	1,148	55
1969	958	184	676	20
1970	1,010	198	571	15
1971	1,261	279	351	11
1972	969	263	312	103
1973	1,009	146	460	29
1974	1,199	250	389	14
1975	1,010	207	336	19
Total Public hearings	10,196	2,164	6,770	420
Add, in Chambers	6,770	420		
Totals	16,966	2,584		
Percentage granted	87		Percentage denied	13

C.O.G.P. RECOMMENDATIONS ON AGENCIES

REPORT #9

C.O.G.P. Recommendations on Agencies

- 12.1 The Government of Ontario continue to use and establish agencies to achieve the special advantages which result from this organizational concept.
- 12.2 All agencies report to the Legislature through a Minister.
- 12.3 The Management Board re-evaluate the need for each and all of the existing government agencies.
- 12.4 The existing title of each agency within the compass of this enquiry be reviewed, with the object of ensuring that the title will henceforth reflect the real principal function of the agency concerned.
- 12.5 Advisory agencies be designated as advisory committees.
- 12.6 Members of advisory committees be appointed for one-year renewable terms, the choice to be primarily in the hands of the Minister to whom the committee in question reports.
- 12.7 Frequent turnover in membership be encouraged.
- 12.8 Judicial agencies be designated as tribunals.
- 12.9 Members of tribunals be appointed by the Lieutenant Governor-in-Council to serve during good behaviour; that they be subject to the same conditions for removal as Provincial Judges and that they hold office until retirement at the age of 65 years.
- 12.10 Each tribunal report to the Minister responsible for the administration of the Act by which it is constituted.
- 12.11 Administrative tribunals be designated as commissions.
- 12.12 Commissions report to the Minister responsible for the administration of the Act by which they are constituted.
- 12.13 Regular turnover of members be encouraged.
- 12.14 Clear policy guidelines for commissions be publicized.
- 12.15 Members be appointed by the Lieutenant Governor-in-Council.
- 12.16 Government commercial ventures be organized in the corporate form.

- 12.17 That, for ease or recognition, such commercial agencies be called corporations.
- 12.18 An efficiency audit, conducted by the Management Board, be applied at regular intervals to the commercial activities of the Government.
- 12.19 Existing commercial activities of the Government be examined for the purpose of ascertaining whether they might be more efficiently provided by the private sector.
- 12.20 The two subgroups of non-commercial agencies described in this report be designated respectively as institutes and foundations.
- 12.21 Appointments to commercial and non-commercial agencies be made by the Lieutenant Governor-in-Council.
- 12.22 Members of boards of directors of commercial and non-commercial agencies serve for limited terms only; and that a proportion of these members be retired annually.
- 12.23 Government commercial services or products be priced at their true costs; and that non-commercial activities be subsidized.
- 12.24 The Government clearly establish and publicize policies for government enterprises to follow; that, within such policies, boards of directors be given as much freedom as possible to concentrate on economic performance; and that the Government's powers over such enterprises include:
- a) the appointment and removal of members of the boards of directors;
 - b) the approval of all by-laws issued by the boards;
 - c) authorization of all expenditures and commitments in excess of a fixed maximum.
- 12.25 Where outside auditors are appointed by government enterprises, the auditors report to the Provincial Auditor as well as to the enterprise by which they are hired.
- 12.26 Wherever possible, the Government assign only one function to any one agency.

- 12.27 Those responsible for implementing the government reorganization review all agencies which perform more than one function with the object of determining whether it is practical and more efficient to separate or regroup these functions.
- 12.28 Any agency with mixed functions be classified according to its predominant activity.

APPENDIX - K-1INTRODUCTION

"Secret law, whether in the form of precedents or in the form of rules, has no place in any decent system of justice."

K. C. Davis, Discretionary Justice

This decade will witness the coming of age of Canadian administrative law. The stirring cries of "new despotism" of the 1930's have finally been stilled. In all parts of the country boards and commissions of all shapes and varieties are being set up by governments of all political persuasions. No sooner is some new matter declared to be in need of regulation than a board is conjured up to deal with it--or, as some might say, to deflect political heat from the responsible minister. In recent days this has been so with regard to as disparate matters as economic nationalism, competition policy, environmental quality, welfare rights, day care nurseries and doctors' hospital privileges.

So far has this process of instant boards been carried in Ontario, that the following compendium of recently created appeal and review boards should surely inspire some latter day Gilbert & Sullivan. The Provincial Entomologist has been appointed to a one man appeal board under both the Abandoned Orchards Act and the Plant Diseases Act while a fully fledged review board has been established under the Animals for Research Act. An advisory board will soon be at work under the Archeological and Historic Sites Protection Act along with a licence review board under the Artificial Insemination of Cattle Act. The Provincial Apiarist will hear appeals under the Bees Act while the Dead Animal Disposal Act makes provision for a licence review board. The Provincial Fire Marshal will hear appeals under the Lightning Rod Act and District Foresters will act as appeal officers under both the Forest Fires Prevention Act and the Loggers' Safety Act. Finally, but not exhaustively, care should be taken not to overlook licence review boards such as those provided for under the Livestock and Livestock Products Act; the Livestock Community Sales Act; the Meat Inspection Act; the Plant Diseases Act; the Pregnant Mare Urine Act, while the Weed Control Act creates the Seed-Cleaning Licence Review Board.

Before we get lost in a maze of minor boards let us remind ourselves of the vast powers granted to many modern administrative boards. One recent decision of the National Energy Board will serve as a good illustration.

In November 1971, the Board had to decide whether or not to approve applications for the export of some 2.66 trillion cubic feet of natural gas to the United States spread over the next fifteen to twenty years. The immediate money value of the applications has been reliably set at \$1-billion dollars. The applications (which, incidentally, were rejected) raised fundamental issues as to the future development of Canada as a nation.

Should the Board encourage the freest exploitation and export of our natural resources or should it attempt to encourage the establishment of job creating resource based industries at home? If the United States is denied gas during the initial period of a predicted long term energy shortage will this not simply encourage a move to other energy sources which, when developed, will deny Canada a long term market? Will a refusal to grant export licences discourage exploration thus setting in motion a declining production spiral? Should the export of gas to Ontario be given precedence over exports to the south despite the higher price the Americans are willing to pay? To what extent, if at all, should the Board take into account the low polluting characteristic of natural gas? Is the environmental crisis sufficiently acute to dictate rationing of gas? In calculating reserves what margin of safety is to be used? What is the significance of recent discoveries in the North? What social, economic and political criteria are to be used in determining Canadian needs?

There are, of course, other federal boards which are making equally far-ranging decisions as to Canada's future. The Canadian Radio-Television Commission, in its rulings on Canadian content, concentration of ownership and the relationship of on-air broadcasting to cable and in its policy in implementing the cabinet's directions on foreign ownership directly affects not only the immediate media interests but the public as a whole. The Railway Committee of the Canadian Transport Commission is manfully struggling with the immensely complicated issue of railway branch line and passenger service rationalization, while the Air Transport Committee seeks to arrive at a route allocation policy acceptable to Air Canada, C.P. Air and a covey of regional airlines. It is the Railway Committee which now has to pass on, almost on a yearly basis, rate increase applications from Bell Canada each worth hundreds of millions of dollars.

On a provincial level many boards are just as prominent. While they do not tend to make individual decisions of the same seminal significance, their cumulative effect is staggeringly important. For example, the Workmens' Compensation Board of Ontario handles nearly 400,000 claims annually and pays out over \$130-million a year. Moreover, it has wide power to assess and levy penalties against employers who do not have satisfactory safety records. These amounted to over \$5 1/2-million last year, and, according to recent accounts in the press, a penalty against an individual employer can amount to as much as \$300,000.

This is not the place to show by way of example upon example the dominant role boards and tribunals already play in our society. Every indication is that their role will grow by way of geometric progression. An impartial observer who was not taken in by the pomp and circumstance surrounding the traditional courts of law would conclude that, measured on any realistic economic or social scale, boards today often have far greater influence than the civil courts. Yet they continue to be treated as poor relatives but recently arrived in town. Nowhere is this better illustrated than in this Report.

The time has come for us to devote as much, if not, indeed, significantly more, time, effort, expertise and funds to ensure the adequate publication of board decisions. A rational reporting system which truly reflects the reality of the powers of modern administrative boards must replace the present disarray. Before this reform can be brought about a true picture of existing arrangements must be compiled. This Report accomplishes that task.

In addition to the general requirement of openness which is the keystone of the democratic political process, there are a number of pressing practical reasons why there should be the fullest possible publication of board decisions. It might be as well to mention some of these here.

1. The Growing Concern with Substantive Administrative Law

At one time it was thought that lawyers should largely concern themselves with the judicial review of the purely procedural aspects of the work of boards and tribunals. Recent years have witnessed a steady change in emphasis. While the importance of judicial review has in no way diminished, there is now much more involvement at an earlier stage. This new interest was reflected, for example, in the very large turnout for the most recent Special Lecture Series of the Law Society of Upper Canada which was devoted to a detailed examination of a wide range of individual boards. A similarly strong interest was shown at the last Mid-Winter Meeting of the Ontario Section of the Canadian Bar Association where a seminar on the Immigration Appeal Board and a panel discussion presented by the Administrative Law sub-section were both very well attended.

2. New Faces at the Bar

Many boards, particularly at the provincial level, have a very small group of practitioners who appear regularly before them. This mitigates, at least to some extent, the failure to publish decisions for the older practitioners know all they need to know from personal experience. This cozy arrangement is about to break down. Every increase in the scope of regulatory power brings before the boards additional younger lawyers who are just not prepared to learn exclusively from their mistakes and who, quite rightly, demand ready access to leading decisions and comprehensive rules of procedure. Moreover these older "personalized" boards will soon be outflanked by the more recently created provincial boards which have set out right from the start to publish their decisions thereby creating a standard to which even the most entrenched older board will be obliged to rise.

3. The Impact of Legal Education

Law schools today are for the first time turning out significant numbers of graduates with at least some exposure to the ac-

tual workings of a wide variety of administrative boards. Until recently the only substantive administrative law course offered was "Labour Law". Today courses such as "Law and Poverty", "Urban Law", "Securities Regulation" and "Regulated Industries", to mention just a few, are designed to focus sharply on the detailed operations of bodies such as the Ontario Securities Commission, the Ontario Municipal Board, the Canadian Transport Commission, the Unemployment Insurance Commission and the Welfare Review Board. Not only is this development putting immediate pressure on law school libraries to hunt down such publication as presently exists, but it will produce a new generation of lawyers who will eagerly seek to become actively involved in board work. With this development will come an inevitable demand for more openness.

4. Publication does not Threaten Flexibility

To the extent that there has been any rationale given for the reluctance to publish, it would seem to involve a rejection of a thoroughly antiquated notion of the doctrine of precedent. It is no doubt true that in setting up many of the boards it was intended that they should be freed from the "sterile" "dead hand" of precedent which at the time crippled the ability of the traditional courts to grapple effectively with contemporary problems. This process was carried so far that on a number of occasions specific provision was placed in the empowering statute providing that precedent was to be ignored and each case dealt with on its own merits.

This swing of the pendulum carried many boards all the way from the Scylla of excessive rigidity to the Charybdis of untrammelled discretion. Today, with even the House of Lords expressing itself willing to reverse itself, it is clear that the whole notion of legal precedent has undergone considerable change. This must now be recognized in administrative law. To follow precedent is not to abjure flexibility. It is to introduce an essential element of predictability and to indicate lines of argument which may be followed successfully, which, in turn, will make a hearing a truly meaningful process. The degree of commitment to precedent should vary from board to board depending on the nature of the matter it regulates and the extent of reliance on past decisions. This should be reflected openly in the published decisions. Occasionally a board will have to depart from precedent and this will call for a greater degree of sophistication than that reflected in the crude all-or-nothing position. This is, surely, a price we should be willing to pay in order to preserve the elementary principle of fairness and consistency contained in the notion of open precedent.

5. The High Price of Secrecy

Boards pay a high price in public reputation and standing when they do not bother to publish their decisions. Most liquor licence boards, for instance, are surrounded by an aura of graft and political favouritism largely because they do not publish coherent reasons for their decisions and it is presumed that money and party affiliation must be the deciding criteria.

Nowhere is this phenomenon better illustrated than in the current charges of scandal levelled at the Workmens' Compensation Board of Ontario. No one questions the need for the Board to have the power to penalize employers with bad safety records. Yet when this is done secretly and equally secretly huge penalties are compromised, it is inevitable that there will be charges of corruption. Much the same may be said of the National Parole Board. Because it does not publish reasons for its decisions, the newspapers are likely to speculate as to why some prisoners are paroled and some not. This has led to a very destructive exchange in the columns of a major newspaper in which the Chairman sought to defend his board's decisions. If adequate reasons had been published at the outset, the whole outcry could have been avoided.

6. The Decline and Fall of Benign Paternalism

Many boards with strong chairmen who have been in office for many years display a marked degree of benign paternalism towards those in their charge. This is particularly marked in areas of so-called "privilege" involving matters such as parole, liquor licencing and welfare. Paternalism and the rule of law have never been compatible. Every day brings further evidence of the extent to which previously pliant minorities are no longer willing to be fobbed off with platitudes about "individual justice" but demand a clear statement of their rights.

7. Public Involvement

Despite statutory exhortations to boards that they licence and regulate "in the public interest" or words of similar variety, most boards greatly discourage public participation by inadequate publication of their decisions and procedures. Public pressure is mounting for effective involvement. Recent examples of this can be seen in the area of environmental concern. Pollution Probe at the University of Toronto succeeded in forcing the Ontario government to include specific provision for public participation in the proposed Pollution Control Appeal Board. The same body was represented before the National Energy Board at the gas export hearings discussed above.

Instances abound of matters which have, until recently, been regarded as so highly technical as not to be of any interest to the public. For example, the rate structures of most public utilities are designed to encourage consumption by the provision of discounts for quantity purchases. This has now been recognized as a major contributing factor to pollution because a different rate structure would provide an incentive to invest more in insulation and other devices such as would reduce demand. How is this type of legitimate public concern to be introduced into the regulatory process when so little is known by anyone but experts about public utility rate structures? Administrative boards must be prepared to respond to demands for comprehensible information from a more informed public.

These then are some of the factors which will influence the move towards greater publication. Let us turn briefly to consider the Report itself.

The Report wisely includes more than just the obvious established boards. Thus it brings to light some particularly interesting material. There is no reason why, from a functional point of view, an Area Director and Area Committee under the Ontario Legal Aid Plan should not be regarded as boards and required to publish their decisions. Nor should the Ontario Director of Student Awards, the Ontario Police Commission or the Ontario Board of Censors be exempt from publication. Both the Telecommunications Regulation Branch and the Atomic Energy Control Board do, in fact, make decisions affecting rights and should not be allowed facily to excuse themselves from publication by intimating that they are merely concerned with technical matters.

Certain boards, such as workmens' compensation and liquor licence, have poor publishing records in all the provinces. This was not unexpected but the poor showing of several provincial human rights commissions must rank both as a surprise and a disappointment.

Various reasons have been put forward to explain some of the poor publication records over and above the obvious economic problems faced by the lesser provincial boards. For instance, it is often said that the overwhelming number of decisions which have to be made by some boards exonerates them from publication. Yet as may be seen from the example set by as diverse boards as the Immigration Appeal Board, the Public Service Commission, the Ontario Farm Products Marketing Board and the Alberta Industrial Relations Board, it is perfectly possible to devise a system of selective publication. Nor should concern for confidentiality as put forward by a number of boards be accepted as an excuse, in itself, for failure to publish. There is no reason, as the Public Service Commission and the Commissioner of Patents have demonstrated, why publication cannot be on a "no name" basis. The Indian Claims Commissioner and the Commissioner of Official Languages indicated in their replies that, as they did not make legally binding decisions they might legitimately be excused from publication. However, the Textile Clothing Board and the Restrictive Trade Practices Commission have not sought to hide behind this excuse and publish their "decisions" even though on a strictly legalistic analysis they are only "recommendations".

The Report thus reveals that for every excuse for non-publication a good example to the contrary can be shown in operation. Thus when viewed over-all there is no cause for pessimism--what is urgently needed is consolidation and systemization.

A depressing example of complete lack of organization can be seen in the undisciplined outpourings of the Ontario Municipal Board. Not only has there been a simply bewildering array of partial publication but there is no adequate index to guide one through their mounds of decisions. This board serves as a classic warning of what can happen without careful planning. On

the other hand the excellent practice of the Canadian Radio-Television Commission of including an index in its annual report, the plan of the Public Service Staff Relations Board to produce an index, the proposed five year cumulation of the Public Service Commission (which hopefully will include an index) and the two to three year cumulations contained in the Tariff Board Reports indicate that at least some determined efforts are being made to publish decisions in a meaningful form.

The Report clearly indicates that the present situation is not satisfactory. A few boards are really struggling to ensure that their decisions are published and made readily available; most are making ineffectual and disorganized attempts at publication, a few seem perversely determined to hide their decisions. If the Report succeeds in its primary task of making the board decisions as they now exist more widely available, it will make a very significant contribution to the development of administrative law. Now that the present system of publication, or more accurately lack thereof, has been clearly described, it is up to all concerned, be they the boards themselves, the responsible governments, the legal profession, law publishers, law reform commissions or concerned academics to get together in a mutual venture for improvement.

BEFORE THE INTERSTATE COMMERCE COMMISSION

No. MC- _____
(For Office Use Only)

APPLICATION FOR MOTOR CARRIER CERTIFICATE OR PERMIT
(Read instructions on page 6 before answering)

I. (a) Application of _____
(Name and Trade Name, if any)

(State whether an individual, partnership, corporation, association, fiduciary, or other legal entity. If a partnership, give names of all partners. If a corporation, give name of State in which incorporated, and the names and addresses of all directors and officers.)

whose business address is: _____
(Street)

(City) (State and Zip Code)

(b) Applicant's representative to whom inquiries respecting this application may be made
is: _____
(Name)

(Street Address)

(City) (State and Zip Code)

II. Will granting the authority sought in this application constitute a major Federal action having a significant effect upon the quality of the human environment?

Yes ☐. No ☐.

If yes, a statement complying with the requirements of 49 CFR 1100.250 as promulgated in *Implementation-Natl. Environmental Policy Act, 1969*, 340 I.C.C. 431, must be attached to this application.

III. (a) Applicant hereby applies for authority to engage in operation, in interstate or foreign commerce, as a _____ carrier by motor vehicle, over
(Common or Contract)

_____ routes, in the transportation of _____
(Regular or Irregular)

(If general commodities, so state, and name exceptions, if any. If specific commodities or classes of commodities, name them. Any limitation on service to be provided should be identified. For example, if applicant does not seek authority to transport commodities in bulk, in tank vehicles, the application should so state. If passengers, so state and indicate if it is desired to transport express, newspapers, or baggage of passengers in the same vehicle with passengers; and specify if special or charter operations, or both, are proposed.)

(b) Applicant requests authority to operate from, to, or between the following points or described areas: _____

(If regular-route authority is sought, describe the highways or segments thereof, in sequence, to be used and the intermediate or off-route points to be served. Intermediate points apply only to regular-route operations; off-route points apply only to regular-route carriers of property. If seasonal operations are proposed, specify the period in which such operations will be conducted. In defining the geographical scope of authority sought in an application, the term "United States" shall be construed as including the District of Columbia, and as excluding Alaska and Hawaii. Applications seeking to encompass authority to, from, or between points in Alaska or Hawaii shall specifically so state.

IV. Indicate whether applicant in prosecuting this application will present evidence of witnesses who will testify, in support of the application, as to their need for the service proposed.

Yes ☐. No ☐.

(a) If the answer is YES, applicant *must* attach to this application one or more certifications of support which shall be prepared in the form prescribed in the appendix to the instructions accompanying this application form. The certification must be signed by the individual, or by an authorized representative of the corporation, association, or partnership, upon whose support applicant intends to rely. The total number of witnesses presented in support of the application may not exceed twice the number for whom certifications are filed with the application.

Except for good cause shown, no application depending upon the supporting evidence of public witnesses will be accepted for filing unless it is accompanied by the certifications of support of such witnesses. The certifications of support are not intended for use as supporting evidence should the application be assigned for handling without an oral hearing.

(b) If the answer above is NO, explain why and describe briefly the type of evidence which will be relied upon by applicant to support its burden of proof: _____

V. (a) If applicant now holds, or has an application pending for, authority from the Interstate Commerce Commission as a motor common or contract carrier, a water common or contract carrier, a transportation broker, or a freight forwarder, identify the lead docket number assigned to such authority or application: _____

(b) If applicant has within two years of the date of this application applied for authority duplicating in whole or in part that sought in this application, identify the docket number and indicate either the disposition or the current status of the prior application: _____

(Applicant should understand that applications seeking authority which duplicates in whole or in part that sought in any such pending proceeding either may be rejected or processing thereof may be withheld until final disposition of the pending proceeding.)

(c) If applicant holds motor carrier temporary authority corresponding in whole or in part to the permanent authority sought in this application, identify the docket number assigned thereto:

No. MC- _____ issued _____
expiration date _____.

(d) If applicant seeks authority as a motor *contract carrier*, list (1) the person or persons for whom its service now is being performed under effective contracts pursuant to any existing permits:

and (2) the person or persons it would serve in the proposed operation: _____

(e) If applicant seeks approval of dual operations under section 210 of the act to enable applicant and any motor carrier affiliated with applicant to conduct property operations both as a common and contract carrier by motor vehicle, specify the scope and extent of the dual operations involved: _____

VI. (a) Indicate any interest, whether stock, loans, voting or management arrangements, which the applicant or any officer or director thereof, has in the affairs of other carriers: _____

(b) Indicate any interest, whether stock, loans, voting or management arrangements, which any other carrier, including officers and directors thereof, or any person authorized to control a carrier, has in the affairs of applicant: _____

(c) Does the applicant know of any person who has an interest, whether stock, money, voting or management arrangements, in the applicant who also holds an interest, whether stock, money, voting or management arrangements, in another carrier? Yes ☐. No ☐.

If the answer above is YES describe the interest which such person has in applicant and in the other carrier: _____

VII. (a) Applicant must submit with the application a map of the proposed operation showing also all pertinent portions of applicant's present authority.

Continued on page 5

(b) If irregular-route authority is sought, indicate whether the authority here sought can be joined with any operating authority applicant now holds, or seeks in a pending application, so as to permit the performance of a through service by applicant to, from, or between points not included in this application. Yes . No . If the answer is YES, indicate the points or areas where the physical operation could connect and the territory that would be served through such joinder: _____

(Attach pertinent portions of authority now held or sought in pending applications.)

(c) Show the extent to which applicant or any carrier affiliated with applicant holds authority duplicating in any respect that sought herein, or to which any application previously filed with the Commission and still pending, or any application being filed simultaneously with this one, seeks authority duplicating that sought in this application: _____

VIII. (a) If the application is assigned for oral hearing, state where applicant prefers that the hearing be held, and alternate choices: _____

(The listing of alternate choices may result in a more prompt scheduling of the hearing.)

(b) State the maximum number of witnesses applicant will present at the hearing: _____;
and the approximate time their direct examination will require: _____

IX. If the evidence presented in support of this application shows that applicant, although applying for a certificate as a common carrier, would be entitled to a permit as a contract carrier, or, if applying for a permit, would be entitled to a certificate, applicant agrees that the application may be considered to be for the appropriate form of authority.

X. Applicant understands that the filing of this application does not, in itself, constitute authority to operate.

OATH

COUNTY OF _____)
STATE OF _____) ss:

_____, being duly sworn,
(Name of Affiant)

states that he files this application as (indicate relationship to applicant, that is, owner or proprietor, title as officer of applicant corporation or association, member of applicant partnership, or other authorized representative of applicant) _____

_____;

that, in such capacity, he is qualified and authorized to file and verify such application and to certify with respect to the availability of shipper and public witnesses to present evidence in support thereof; that he has carefully examined all the statements and matters contained in the application; and that all such statements made and matters set forth therein are true and correct to the best of his knowledge, information, and belief. Affiant further states that the application is made in good faith, with the intention of presenting evidence in support thereof in every particular.

Knowing and willful misstatements or omissions of material facts constitute federal criminal violations punishable by up to five years imprisonment and fines up to \$10,000 for each offense. (See 18 U.S.C. 1001.)

(Signature of Affiant)

Subscribed and sworn to before me, a _____ in and for the
State and County above named, this _____ day of _____, 19 _____.

(SEAL)

My Commission expires _____.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he has delivered a copy of this application, in person or by mail, to the following Regional Director of the Commission's Bureau of Operations for the Region in which the applicant has its headquarters:

Name of Regional Director

Address

The undersigned further certifies that he has delivered a copy of this application, in person or by mail, to the appropriate State Board (or official) in each of the following States *in or through* which the operations described in this application would be performed:

Name of State Board

Dated this _____ day of _____, 19 _____.

(Signature)

INSTRUCTIONS

All information called for in this form must be provided, and each question must be answered. If any question is not applicable, so indicate. Incomplete applications will be rejected.

Applicant must submit with the application a check or money order made out to the Interstate Commerce Commission for such amount as may from time to time be fixed by the Commission as the fee for the filing of such application.

If the space provided in the form is not sufficient to supply all of the information required, prepare the information or continue it on a separate sheet, attach it to the application, and give it the same number as the paragraph to which it refers.

The application should be typed, but if made out in neat, legible handwriting, in ink, it will be accepted; if made out in pencil, it will be rejected.

Assistance in the preparation of an application may be obtained from one of the District Supervisors of the Commission's Bureau of Operations. Before requesting assistance, however, the applicant should prepare a rough draft of the application to be used as a basis for discussion with the District Supervisor. Interviews with the District Supervisors should be arranged in advance.

Notice of the filing of this application will be published in the Federal Register. Unless applicant promptly notifies the Commission otherwise, applicant agrees to be bound by the published notice.

The applicant should keep a copy of the application for further reference. The original and one copy of the application should be mailed to:

Interstate Commerce Commission
Washington, D. C. 20423

Applicant's name should be stated exactly as it appears in its present authority, if any. If there has been a change in applicant's business address or name, it should submit a signed written request that the Commission's records be corrected to reflect the new address or name. Any affiliation between applicant and any other carrier subject to the Interstate Commerce Act must be identified in question VI; and, if such common control or affiliation has not been approved by the Commission, applicant should indicate why it believes such approval not to be necessary.

It is particularly important that applicant describe accurately and fully the operation for which it seeks authority. The commodities to be transported by property carriers should be identified clearly, but trade names of products should not be employed.

If applicant seeks alternate-route authority or authority to serve intermediate or off-route points in connection with its presently-authorized regular-route operations, such authorized regular routes must be specifically identified and the application should not include any commodities which the carrier is not authorized to transport over the appurtenant regular route or routes.

Applicant should describe the points or areas proposed to be served in easily identifiable terms. Communities not to be found on readily accessible maps should be located with reference to counties or larger cities, and larger territories should be described in terms of States or counties or by fixed boundaries such as highways, rivers, and State or county lines, but not in terms of mileage radii from central points. Applicants seeking territorial rather than point-to-point authority should make it clear whether they wish to operate from one territory to another, between all points in a given territory (nonradial), or in both directions between, but not within, two separate territories (radial). Complicated, unclear, or otherwise objectionable restrictions on the service proposed may be rejected by the Commission.

Specific authority is not required to transport on return movements empty containers, pallets, similar shipping devices, or shipper-owned vehicles used in transporting the commodities specified in the application; nor is authority required for the return transportation of shipments rejected by the consignee provided that such services are covered by appropriate tariff provisions. Shipments which have been accepted by a consignee and subsequently returned do require specific authorization.

If applicant is under common control with other carriers, it should indicate whether it is in compliance with the pertinent statutory requirements relating to common control or management, including whether applicant has previously filed an affidavit with the Commission under section 5(10) of the Interstate Commerce Act indicating why Commission approval of such control or management is unnecessary.

By its report in *General Rules of Practice—Rule 247*, 120 M.C.C. 670 (decided November 20, 1974), the entire Commission prescribed requirements as to shipper certifications and established time limitations with respect to the submission of restrictive amendments and certifications of shipper support. Application Form OP-OR-9 requires an applicant to indicate whether its application will be supported by shippers, or others, who will present evidence in support of the application, as to their need for the service proposed. An application for a certificate, permit, or license must be accompanied by certifications of support of the prescribed form for *each* individual, corporation, or partnership known to the applicant upon whose support applicant intends to rely. Upon request by any party, the applicant shall furnish such party with copies of all certifications filed with the application. If, subsequent to the filing of an application, additional witnesses become known to the applicant, applicant shall file a certification for each such witness with the Commission and shall concurrently serve copies thereof upon all parties of record. The total number of witnesses subject to this rule whose testimony is offered in support of the application may not exceed twice the number for whom certifications were filed with the application, whether the case is designated for oral hearing or for handling under the modified procedure. In cases designated for oral hearing, certifications of additional witnesses as provided above must be filed and served not later than 30 days prior to the date assigned for commencement of hearing: *Provided*, That, the presiding officer may authorize additional certifications for witnesses to be presented at a continued hearing to be filed and served not later than 30 days prior to the date of the continued hearing. No testimony will be received from witnesses for whom such certifications have not been timely received. *Provided*, however, that the provisions of this paragraph limiting the total number of witnesses and requiring certifications for subsequently discovered witnesses shall not be applicable to applications to transport passengers, and that certifications for subsequently discovered witnesses shall not be required in cases handled under modified procedure except when assigned for oral hearing.

Restrictive amendments acceptable to the Commission may be submitted at any time: *Provided*, That except as hereinafter provided, in cases assigned for oral hearing amendments must be received by the Commission not later than (1) 30 days after the service date of a notice that the case has been assigned for oral hearing, or (2) the date of a prehearing conference assigned to consider such amendments. Restrictive amendments, submitted after such date may be considered by the Commission or presiding officer *only if exceptional reason is shown why the amendment could not have been timely filed*.

Noncompliance with the aforementioned requirements, absent a showing of good cause for failing in their observance, will result in the disallowance of testimony and evidence proffered by public witnesses upon whose behalf certifications or identifications (by name and location) have not been filed. *** Strict adherence to these requirements shall be expected with respect to all applications pending at the time of such publication and to all applications filed subsequent thereto.

BY THE COMMISSION,

ROBERT L. OSWALD,
Secretary

(SEAL)

APPENDIX

*Approved Form for Certification of Support of Application for
Motor Carrier Authority*

TO THE INTERSTATE COMMERCE COMMISSION:

The undersigned states that he, or the corporation, association, or partnership which he represents,
has agreed to support the application filed by: _____

(Name of Applicant)

_____ and to which application this certification will be attached; that applicant's proposed service is desired for
the transportation of _____

_____ (If application is for the transportation of property, list commodities shipped or received. If application is
for transportation of passengers, so state.)

from and to the following points or areas: _____

_____ The undersigned shipper supports the following applications for authority similar to that sought
in this application. (If none, so state,) _____

_____ (Give the name(s) of the carrier(s), the docket number(s), if available, and the date(s) of filing, if known.
Shipper hereby agrees to provide the Commission with all such information as soon as it becomes available.)

The undersigned shipper certifies that its support for this application was first made known to
applicant on _____
(Date)

By signing and submitting this Certificate of Support, the undersigned, individually and on behalf of the
corporation, association, or partnership he represents, certifies to the Commission that he, or an authorized and
qualified representative of the corporation, association, or partnership, will appear and testify on applicant's behalf in
any oral hearing on this application. This certification should not be signed unless there is a need for the proposed serv-
ice and a present intent to testify in support of the applicant, and any withdrawal should be the result of the shipper's
individual decision.

Should the support for this application be withdrawn or changed in whole or in part, the undersigned agrees
immediately so to inform the Interstate Commerce Commission, Washington, D. C., 20423.

Continued on page 9

The undersigned hereby states that he is duly qualified and authorized to make this certification of support, and that in signing this certification he is aware that anyone who, in any matter within the jurisdiction of an agency of the United States, intentionally makes or uses any false, fictitious, or fraudulent writing or document, may be subject to prosecution and fined up to \$10,000 and imprisoned for up to five years. (18 U.S.C. 1001.)

Dated _____, 19_____
(Firm, corporation, association, partnership, etc.,
represented, if any.)

(Signature) (Title)

(Typed Name) (Complete Address)

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APPENDIX - M

REGINA

VS

CALDWELL LEASING COMPANY

Ontario

A LEASING LIMITEDNovember 10th and 13th

Mr. Jake Snake, Auditor, Sales Tax Branch and the writer attended the office of Caldwell Leasing Limited, Toronto, to examine company records.

Mr. Donald Caldwell, President, consented to the examination and removal of some documentation, including that of Crash Driver Pool, for reproduction. Mr. Caldwell stated he had purchased equipment, under Tax Exemption (Leasing); however, failed to collect sales tax for leasing service as he was under the impression leasing service was exempt.

November 14th

The writer personally returned all original documentation, e.g. Caldwell Invoicing and Rental Agreements, Crash Driver Pool Invoicing and shippers Bills of Lading.

At this time Mr. Caldwell was interviewed and questions and answers are noted.

Q. (1) What is your position with Caldwell Leasing Limited?

A. President.

Q. (2) Who holds the position of Vice-President?

A. Robert Morgan (brother-in-law).

Q. (3) What business is Caldwell Leasing Limited conducting?

A. Leasing of equipment.

Q. (4) Are rental agreements on a single one-way trip, round trip or long term?

A. Round trip or number of days.

continued. ...

- Q. (5) How are arrangements made for rental of equipment?
- A. Phone calls are received at this office by myself Caldwell or my secretary.
- Q. (6) What is the phone number?
- A. 965-1060
- Q. (7) What is the rental rate?
- A. 52¢ per mile (tractor and trailer).
- Q. (8) Who pays cargo insurance?
- A. We don't.
- Q. (9) Does Caldwell Leasing Limited charge sales tax to lessor?
- A. No, but a friend of mine told me the other day, that it should be charged and collected.
- Q.(10) Does Caldwell Leasing hold a Vendor's Permit, issued by Retail Sales Tax Branch?
- A. Yes, number xyz.
- Q.(11) Who drives your leased vehicles?
- A. Drivers from Crash Driver Pool.
- Q.(12) Who operates Crash Driver Pool?
- A. Robert Morgan (brother-in-law).
- Q.(13) Where are these offices located?
- A. Robert's residence is 5th Wheel Avenue, Toronto, phone number 965-7288. It's too small an operation to have offices. Office work for Robert is done at this office. If Robert is not home, calls for drivers would be made here.
- Q.(14) Are drivers paid by mile, hourly rate, salary?
- A. 12¢ per mile, hourly rate \$4.00. Caldwell Leasing invoices for vehicles; Crash Driver Pool for driver and separate charges are received as payment.

continued.....

NOTE: Crash Driver Pool is not Listed in the Bell Canada Directory.

Mr. Caldwell was most co-operative during the investigation; however, expressed concern and stated on two occasions, someone should have advised him of sales tax respecting leasing operation and someone should have advised him if the lease arrangements were not legal.

I suggested to Mr. Caldwell that the courts have registered convictions against Caldwell Leasing Limited for operating without a Public Commercial Vehicle Licence.

Mr. Caldwell provided a list of equipment, owned, operated and registered in the name of Caldwell Leasing Limited (no broker operators):

<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Serial Number</u>
1963	Kenworth tractor	c/o	"
1969	White tractor	c/o	"
1973	G.M.C. tractor	JH9670	"
1974	Hayes tractor	113	"
1973	Hayes tractor	113	"
1952	White	Conv.	All are listed
1974	D.H.T. trailer	5 axle	"
1974	City trailer	3 axle	"
1973	Thruway trailer	2 axle	"
1972	Thruway trailer	2 axle	"
1974	D.H.T. trailer	4 axle	"

continued.....

WAKEFIELD SERVICE CENTRE, DIVISION OFMURL IRON AND METAL COMPANY LIMITEDMarkhamNovember 10th

Mr. Jake Snake, Auditor, Retail Sales Tax, attended the offices of Wakefield to audit records relating to service provided by Caldwell Leasing Limited.

Mr. Dave Hook, Director and Secretary Treasurer, Wakefield made the following statements respecting arrangements with Caldwell Leasing Limited:

1. Separate lease signed for each load.
2. Caldwell Leasing Limited provides truck and arranges with Crash Driver Pool for driver.
3. Payment for truck made to Caldwell Leasing.
4. Payment for driver to Crash Driver Pool.
5. Same person picks up both cheques.

signed - J. Snake

November 14th

The writer attended the offices of Wakefield and interviewed:

Mr. David Hook - Director and Secretary Treasurer

Mr. Bad Slice - Shipping Scheduler

Mr. Bad Slice made the following statement, after being cautioned that evidence may be required to be given in court under oath.

I am responsible for arranging transportation services and when service is required I contact Mr. Caldwell at Caldwell Leasing Limited, phone number 965-1060 and advise Wakefield has a load going from point A to point B. Freight rate is based on per cwt. or

continued.....

an agreed rate.

Mr. Caldwell (Caldwell Leasing Limited) provides service as that of a common carrier, providing driver and vehicle. I (Slice) sign lease form on request of Caldwell but it does not mean anything as 52¢ per mile is not correct nor is date as arrangements are made for each trip (one way or return). I do not make arrangements for driver services.

I receive invoicing from Caldwell Leasing Limited and Crash Driver Pool.

If the total of two invoices does not exceed rate per cwt. or agreed rate, I recommend payment.

NOTE: Mr. Slice verified statement with respect to specific moves and acknowledged his signature on rental agreement.

Mr. David Hook confirmed arrangements made by Mr. Bad Slice and approves payment and two cheques are issued; one to Caldwell Leasing and one to Crash Driver Pool.

continued.....

HICKSON STEEL WORKS LIMITED1 Energy Avenue, TorontoNovember 10th

Mr. Jake Snake, Auditor, Retail Sales Tax Branch, attended the offices of Hickson Steel Works Limited, to audit records relating to service provided by Caldwell Leasing Limited.

Mr. Etherington, Office Manager, Hickson Steel Works Limited, stated that to his knowledge, Caldwell Leasing supplies a vehicle and driver to the plant for the shipment of steel. Hickson then receives two invoices; one from Caldwell Leasing and one from Crash Drivers Pool. These invoices are totalled for the month and one cheque is made payable to Caldwell Leasing.

The general ledger accounts payable confirms the payments for July and August to Caldwell Leasing.

Hickson opinion is that they are purchasing a service as Caldwell Leasing arranges for the truck and driver.

signed - Jake Snake

November 28th

The writer attended the offices of Hickson Steel Works Limited, and interviewed:

Mr. R. Hickson, Vice-President

Mr. J. Hickson, Secretary Treasurer

Mr. K. Etherington, Office Manager

continued.....

STATEMENTSMr. R. Hickson

Mr. R. Hickson stated when service is required to move their steel, he contacts Mr. Caldwell at Caldwell Leasing and advises where load is going, weight, size and length and requests trailer be dropped for loading. When trailer loaded, calls Caldwell and advises ready to go. Driver arrives with tractor and bill of lading is issued and away he goes. Main concern is that load goes from origin to destination on time.

Caldwell Leasing makes arrangement for driver. Rate is based on pre-arranged basis and you better speak to my brother J. Hickson. We receive two invoices; one from Caldwell Leasing Limited and one from Crash Driver Pool. I initial for payment. One cheque is issued, payable to Caldwell Leasing. I sign lease because I thought he had to have it to haul for us.

Mr. J. Hickson

Arrangements with Caldwell Leasing are to transport Hickson loads from point A to point B on an agreed rate. Rate includes driver and vehicle. We do not make arrangements for drivers.

Rate is based on comparable rates charges by other carriers providing transportation service on a full load basis.

Arrangements were originally made between Mr. Ennis, President of Ennisteel. (Mr. Ennis has 50% control of Hickson Steel Works Limited).

continued.....

Mr. K. Etherington

Once approval has been given for payment, he issues one cheque in the name of Caldwell Leasing. (Copy of cancelled cheques for specific shipments obtained noting "Payable to Caldwell Leasing", stamped "Deposited to Credit of Payee".)

continued.....

FAIRGRIEVE STEEL AND IRON WORKS LIMITEDNovember 10th 1974

Messrs. Snake and Humphries, Auditors, Retail Sales Tax, attended the offices of Fairgrieve's Steel and Iron Works Limited to audit records relating to service provided by Caldwell Leasing Limited.

Mr. F. Fairgrieve, President, advised the auditors that as far as he was concerned, he hired a service to provide transportation of his goods, from Caldwell Leasing. He made payment to Caldwell Leasing for total amount due; even although he was billed from Crash Drivers Pool.

No invoicing for services for September was found at Fairgrieve Steel. Photo-copies of all invoicing for the whole year and cancelled cheque attached.

T. Humphries

NOTE: Cancelled cheque payable to Caldwell Leasing, stamped on back, "Caldwell Leasing Ltd. Welland, Ontario".

November 18th 1974

The writer attended the offices of Fairgrieve's Steel and Iron Works Limited and interviewed:

Mr. F. Fairgrieve - President

Mr. D. Emery - Plant Manager

continued.....

STATEMENTSMr. F. Fairgrieve

Mr. F. Fairgrieve confirmed the statement made by Messrs. Snake and Humphries and suggested that I speak to Mr. Emery (Plant Manager) as he personally makes the arrangements with Caldwell Leasing.

When specific reference was made to two shipments from Fairgrieve's Steel to New Technology Inc. c/o Greater Podunk Gas Company, Mr. Fairgrieve stated that Fairgrieve had arranged transportation service with Caldwell Leasing on behalf of Podunk Gas Company: however, charges were collect.

Mr. D. Emery

Mr. D. Emery stated he arranges transportation service with Caldwell Leasing (Mr. Caldwell) giving description of load (weight and size) and rate on a pre-arranged basis. It is a contract for carriage of goods on a pre-arranged rate. Does not make arrangement for driver.

continued.....

SUMMARY

1. Statements of persons interviewed and documentation on file, clearly indicates that Caldwell Leasing Limited is providing a for-hire transportation service.

2. Caldwell Leasing Limited
Statement of Profit and Loss for the Year Ended
December 31, 1973 (copy attached)
 Financial Statement

Pool Wages - Drivers	\$24,856.30
Benefits	710.36

3. Bell Canada Directory for Toronto and Surrounding Area does not show listing for Crash Drivers Pool. Invoicing and records of Crash Driver Pool are prepared and retained at Caldwell Leasing.

4. Caldwell Leasing Limited registered as a Vendor (Leasing) September with Ministry of Revenue, Sales Tax Branch and filed monthly reports showing zero returns.

5. Caldwell Leasing Limited purchased vehicles tax exempt.

continued.....

6. The Courts have registered convictions against Caldwell

Leasing for operating without a licence:

<u>Date</u>	<u>Place</u>	<u>Particulars</u>	<u>Penalty</u>
May 10	Cochrane	No Extra-Provincial Operating Licence	53.00
July 12	Bowmanville	No P.C.V. Operating Licence	53.00
Sept. 13	Alexandria	No P.C.V. Operating Licence	53.00
Nov. 2	Mississauga	No P.C.V. Operating Licence	50.00
Jan. 15	Bracebridge	No Extra-Provincial Operating Licence	50.00
June 23	Mississauga	No Extra-Provincial Operating Licence	50.00
Aug. 6	Brampton	No P.C.V. Operating Licence	50.00

CONCLUSION

Caldwell Leasing Limited is operating commercial vehicles on a highway for the transportation for compensation of goods of another person, not being the holder of an operating licence.

COURSE OF ACTION

Options:

- i) Cancellation of plates and permits pursuant to
Section 27 of The Highway Traffic Act,

OR

- ii) Authorize prosecution for contravention of The
Public Commercial Vehicles Act and The Motor
Vehicle Transport Act (Canada).

continued.....

Recommendation:

Cancellation of plates and permits pursuant to
Section 27 of The Highway Traffic Act.

EXHIBITS

- Exhibit 1. Certificate of Incorporation
Annual Return of Caldwell Leasing Limited
- Exhibit 2. Abstract of Convictions
on Caldwell Leasing Limited
- Exhibit 3. Statement of Profit and Loss For the year
Ended December 31,
for Caldwell Leasing Limited
- Exhibit 4. List of Equipment
provided by Caldwell Leasing Limited
- Exhibit 5. Ministry of Consumer and Commercial Relations
Partnership or Business Registration
on Crash Drivers' Pool
Date of establishing partnership or business
September
- Exhibit 6. Bell Canada - Toronto and Surrounding Territory
- Exhibit 7. (a) Report of Inspection 1 - dated September
(b) Lease Investigation Form, Driver Interviewed
dated September
(c) Caldwell Leasing Limited Rental Agreement
number 1053, dated September
(d) The Jones Steel Corporation Limited bill of
lading number 09203
(e) Wakefield Iron and Metal Company bill of lading
dated September 11,
(f) Crash Driver's Pool invoice number 1609
dated September 11,
(g) Caldwell Leasing Limited invoice number 1609,
dated September 11,
- Exhibit 8. (a) Report of Inspection 2 - dated September
(b) Lease Investigation Form, Driver interviewed
dated September
(c) Caldwell Leasing Limited Rental Agreement
number 1057, dated September
(d) The Jones Steel Corporation Limited bill of
lading, number 15265
(e) Wakefield Iron and Metal Company bill of lading
dated September 12,
(f) Crash Driver's Pool invoice number 1604,
dated September 12,
(g) Caldwell Leasing Limited invoice number 1604
dated September 12,

continued.....

- Exhibit 9.
- (a) Report of Inspection 3 - dated July
 - (b) Lease Investigation Form, Driver Interviewed dated July
 - (c) Crash Driver's Pool invoice number 1516 dated July 20
 - (d) Caldwell Leasing Limited invoice number 1516 dated July 20, 1974
 - (e) Wakefield Iron and Metal Company bill of lading, dated July 20, 1974, shippers number 10740
 - (f) Wakefield Iron and Metal Company bill of lading, dated July 20,
 - (g) Wakefield Iron and Metal Company bill of lading, dated July 21, shipper's number W6616

- Exhibit 10.
- (a) Report of Inspection 4 - dated August
 - (b) Lease Investigation Form, Driver Interviewed dated August
 - (c) Caldwell Leasing Limited Rental Agreement number 959, dated August 9, 1974
 - (d) Wakefield Iron and Metal Company bill of lading, dated August 10, shipper's number 32372
 - (e) Caldwell Leasing Limited invoice number 1542 dated August 10,
 - (f) Crash Driver's Pool invoice number 1542 dated August 10, 1974

- Exhibit 11.
- Copy of Investigation completed and signed by Jake Snake, Auditor, Retail Sales Tax Branch including copies of Wakefield Iron and Metal Company's cancelled cheques numbers 232 and 335

- Exhibit 12.
- (a) Report of Inspection 5 - dated September
 - (b) Lease Investigation Form, Driver Interviewed dated September
 - (c) Fairgrieve Steel and Ironworks Limited bill of lading, dated September 14,
 - (d) Fairgrieve Steel and Ironworks Limited shipping document, dated September 14,
 - (e) Fairgrieve Steel and Ironworks Limited bill of lading, dated September 14,
 - (f) Caldwell Leasing Limited invoice number 1585 dated September 14,
 - (g) Caldwell Leasing Limited Rental Agreement number 1038, dated September 14,

- Exhibit 13.
- (a) Report of Inspection 6 - dated September
 - (b) Leasing Investigation Form, Driver Interviewed
 - (c) Fairgrieve Steel and Ironworks Limited bill of lading, dated September 21, 1974
 - (d) Caldwell Leasing Limited Rental Agreement number 1049, dated September 20,
 - (e) Caldwell Leasing Limited invoice number 1597 dated September 21, 1974
 - (f) Fairgrieve Steel and Ironworks Limited shipping document

continued.....

- Exhibit 14. Copy of Investigation completed and signed by
Humphries, Auditor, Retail Sales Tax Branch
- Exhibit 15.
- (a) Report of Inspection 7 - dated August
 - (b) Lease Investigation Form, Driver Interviewed dated August
 - (c) Caldwell Leasing Limited Rental Agreement number 984, dated August 28,
 - (d) Hickson steel Works Limited bill of lading dated August 30,
 - (e) Crash Driver's Pool invoice number 1560, dated August 30, 1974
 - (f) Caldwell Leasing Limited invoice number 1560 dated August 20, 1974
 - (g) Copy of Hickson Steel Works Limited cancelled cheque number 0001743
- Exhibit 16.
- (a) Report of Inspection 8 - dated August
 - (b) Lease Investigation Form, Driver Interviewed dated August
 - (c) Caldwell Leasing Limited Rental Agreement number 1022, dated August 28, 1974
 - (d) Caldwell Leasing Limited invoice number 1584 dated August 29,
 - (e) Hickson Steel Works Limited bill of lading dated August 29,
 - (f) Crash Driver's Pool invoice number 1584 dated August 29, 1974
 - (g) Hickson Steel Works Limited cancelled cheque number 0001762
- Exhibit 17. Copy of Investigation completed and signed by
Auditor, Retail Sales Tax Branch
- Exhibit 18. Balance Sheet as at December 31, for Caldwell
Leasing Limited completed by Joe Jones C.G.A.,
Public Accountant
- Exhibit 19. Retail Sales Tax Current Vendor Statement of Accounts
dated July on Caldwell Leasing Limited.

APPENDIX - Nof the
erMinistry of
Transportation and
Communications

416/965-2101

Ferguson Block
Queen's Park
Toronto Ontario

January 27, 1977

The Honourable Otto Lang
Minister of Transport
Tower C
Place de Ville
Ottawa, Ontario K1A 0N5

Dear Mr. Minister:

I am writing to thank you for your letter of December 24, 1976, in which you propose to meet with me and my provincial counterparts to discuss your proposals relating to the regulation of extra-provincial motor carriers. I am most pleased to accept your invitation for such a meeting, in Ottawa on February 11, 1977.

At this time, I would also like to summarize my views regarding your proposals, so that our meeting might be as productive as possible. They are as follows:

1. Ontario believes that the motor carrier (bus and truck) industries in Canada are functioning in a generally satisfactory manner.
2. It is Ontario's experience that these industries and the governments responsible for their regulation face practical problems from time to time, and that there are always opportunities for both government and industry to improve the functioning of the highway carrier systems.
3. Ontario has the impression that many of the currently perceived "problems" fall into one or more of the following categories:
 - a) "problems" which are not generally agreed upon by the affected parties as being real hindrances to the operation of the current system.
 - b) "problems" which are not within federal jurisdiction.
 - c) "problems" which are not amenable to easy or inexpensive solution.

- d) "problems" which can be resolved by co-operation within the existing delegation of the Motor Vehicle Transport Act.
4. Ontario is prepared to work with all interested parties in reaching a common definition of problems, and in identifying opportunities for making improvements.
 5. Ontario believes that the Canadian Conference of Motor Transport Administrators is an effective forum for the resolution of problems of mutual concern among the provinces, which might be of interest to the Federal Government. Ontario would be pleased to accept more active Federal participation in the Conference and, in particular, would welcome a continuing role for the Federal Minister in the presentation and consideration of Federal concerns and proposals at the Annual Conference of Ministers Responsible for Motor Vehicle Administration.
 6. Ontario believes that co-operation between the levels of government may eventually lead to joint definition of the needs for legislative change at the provincial and/or federal levels; but, at this time, any unilateral Federal action would be premature and unacceptable.
 7. Ontario is concerned that any changes be carefully assessed in advance, to determine their advantages and to ensure that any resulting disruptive effects will not outweigh those advantages. Ontario does not believe that the current Federal proposals have been evaluated in terms of either of these conditions.
 8. Ontario is opposed to the current Federal legislative proposals which in its view would give the Federal Government the authority to assume far reaching policy control of the motor carrier industries. Rather, Ontario believes that continued provincial control of the motor carrier industries is essential, in that:
 - a) The Federal Government controls the air, rail and water modes of transportation.
 - b) The movement of passengers and goods by motor carrier is predominantly intra-provincial in character and importance.
 - c) There is no assurance that it would be feasible or practical to separately govern the intra-provincial and extra-provincial operations of motor carriers, by separate levels of government.

- d) It is necessary and desirable to integrate the regulation of motor carriers with the provincial responsibilities for highway infrastructure, driver certification, vehicle licensing and inspection, the rules of highway behaviour, and the retail taxation of fuel and equipment.
9. Ontario fears that the practical implementation of any Federal proposal for policy control of motor carriers would inevitably result in complex new regulatory requirements, similar to those established for rail and air transportation, which would not be appropriate for the motor carrier industries.
 10. Ontario believes that the Federal Government, in making its current proposals, should justify its definition of the national interest as it relates to the motor carrier industries, and demonstrate how that interest cannot be met within the existing delegation of the Motor Vehicle Transport Act.

In closing, I would suggest that it is this last point which is the central issue involved in your initiative, and that you have not addressed it in a manner which might justify your proposals in the eyes of your provincial colleagues.

In accordance with my practice heretofore, I am taking the liberty of forwarding copies of this letter to my colleagues in other provinces, in order that they may be aware of my views.

With kindest regards, I remain,

Yours sincerely,

GENERAL COUNCIL
THE HONOURABLE JAMES SNOW, M.P.P.

James Snow
Minister

cc: Provincial Ministers responsible for Motor Vehicle Administration (list attached).

CLASSIFICATION OF PUBLIC COMMERCIAL VEHICLES ISSUED ANNUALLY SINCE 1928

Class	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	325	945	283	1118	220	975	227	1319	213	1069
B							104	133	134	161
C							822	1348	450	762
D							75	295	82	232
E							790	915	1059	1173
(Livestock, Farm and Dairy Products)										
	325	945	283	1118	372	1155	2018	4010	1938	3397
Class	1933	1934	1935	1936	1937					
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	232	1383	230	1580	247	1825	257	2096	251	2242
B	133	173	119	147	126	169	122	173	104	150
C	353	710	356	749	430	878	545	1063	699	1283
D	115	330	129	357	149	454	100	352	106	391
E	1406	1639	1132	1341	1266	1508	539	672	502	670
F							1328	1558	1412	1899
H							96	212	112	246

Class	1938		1939		1940		1941		1942	
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	285	2287	280	2426	271	2751	263	3314	243	3145
B	51	73	40	56	35	54	38	50	34	49
C	686	1377	709	1440	668	1475	696	1518	665	1438
D	111	403	166	541	189	628	212	734	200	666
E	623	738	629	806	613	847	677	832	630	832
F	1870	2185	1805	2191	1654	2333	1891	2542	1764	2356
H	124	278	129	284	130	297	134	328	135	331
	3750	7341	3758	7744	3560	8385	3911	9318	3671	8817

Class	1943		1944		1945		1946		1947	
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	245	3282	248	3156	251	3290	259	3701	275	4027
B	35	53	39	52	38	53	42	57	44	53
C	672	1366	688	1348	714	1513	751	1673	787	1834
D	212	655	232	561	213	547	248	712	269	922
E	698	829	654	846	656	834	669	862	710	881
F	1689	2035	1681	1913	1650	1928	1923	2383	2049	2926
FS										
H	136	332	131	321	135	359	145	422	104	120
	3687	8552	3673	8197	3657	8524	4037	9810	4390	11227

Class	1948		1949		1950		1951		1952	
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	256	4390	255	4861	246	5605	223	6084	229	6548
B	42	66	41	67	41	69	39	71	35	70
C	741	1860	689	1868	647	1997	596	2092	608	2132
D	295	1026	316	1181	357	1515	387	1765	358	2172
E	689	921	674	945	722	975	758	959	719	997
F	2289	3026	2474	3277	2552	3489	2712	3504	2913	4242
FS	182	278	278	395	315	451	318	494	330	515
H	149	495	154	508	153	563	152	609	158	681
K					58	118	69	134	81 (by	176
L	4643	12062	4881	13102	5091	14782	5254	15712	5452	17533

21

(Trip permits)

Class	1953		1954		1955		1956		1957	
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	229	7292	217	7725	209	8286	206	9328	203	9844
B	38	73	39	76	38	80	35	96	32	96
C	598	2214	565	2306	536	2419	545	2659	505	2922
D	471	2563	477	2510	449	2426	503	3206	581	4089
E	724	986	737	1008	716	1019	715	1011	679	1036
F	3300	5032	4094	5929	4660	7103	5091	7780	4751	8008
FS	353	569	361	605	354	644	364	716	354	698
H	150	724	150	753	138	746	140	850	144	885
K	95	220	97	241	102	257	114	287	126	320
L	25s/tPermit		34s/tPermit		37s/tPermit		44s/tPermit		49s/tPermit	
X					147	736	378	1283	548	1790

5983 .19673 6771 21153 7392 23716 8135 27216 7972 29688

Class	1958		1959		1960		1961		1962	
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	201	9812	184	11143	183	11599	187	11780	188	12254
B	32	117	30	132	30	104	28	99	25	100
C	476	3256	438	3726	430	3851	443	3692	407	3995
D	670	4417	742	4789	817	5055	862	5386	933	5479
E	699	1064	669	1085	667	1088	679	1129	691	1123
F	4962	8332	5457	8778	5001	9051	5291	9247	5299	9927
FS	342	712	337	659	337	724	338	744	349	779
H	151	939	149	958	158	1061	159	1096	158	1175
K	126	342	134	375	145	406	147	406	143	430
L	51s/t Permit		55s/t Permit		61s/t Permit		64s/t Permit		57s/t Permit	
X	600	2511	675	3153	699	3497	749	3843	781	3314
	8310	31502	8870	34798	8528	36446	8947	37422	9031	38576

Class	1963		1964		1965		1966		1967	
	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	233	13021	240	14823	253	16239	260	16679	272	17506
B	23	75	22	78	22	88	22	93	214	4805
C	388	4035	378	4276	359	4524	317	4860	1080	5235
D	937	5813	1086	5763	999	5965	1096	5952	1038	5235
E	637	1111	635	1108	602	1093	554	1059	444	1038
F	5186	10318	5354	11027	5551	11845	5514	12274	5123	12942
FS	343	806	345	853	345	892	351	874	330	876
H	187	1288	189	1384	187	1467	187	1552	194	1647
K	143	434	154	479	148	491	137	508	137	525
L	58s/t Permit		55s/t Permit		58s/t Permit		55s/t Permit		61s/t Permit	
X	805	4413	828	4671	859	5497	860	6318	874	6872
	8940	41314	9286	44462	9383	48101	9353	50169	8729	52446

	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
A	275	18843	277	20025	303	20445	308	11566	318	12559
C	206	4625	197	4951	190	4793	190	3663	179	3836
D	1144	6784	1170	7328	1162	7652	1177	6849	1190	7325
E	409	1072	386	1046	343	1032	315	803	268	816
F	540	13173	5632	13299	5677	13440	6218	10163	5927	9955
FF	4	-	18	-	27	-	34	-	40	-
FS	300	886	319	864	320	894	308	592	295	600
H	109	1650	187	1686	183	1705	180	1940	172	1598
K	138	538	137	542	131	583	130	361	130	351
L	66 s/t Permit	-	74 s/t Permit	-	76	-	81	-	84	-
R	-	-	-	-	-	-	-	-	-	-
X	887	7152	921	8216	941	8815	968	3439	992	3733
T	-	-	-	-	4	-	67	116	70	672
Conversion Units	-	-	-	-	-	-	-	-	-	-
(All Classes)	-	-	-	-	-	-	-	511	-	358

Class	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates	Op'trs.	Plates
	1973		1974		1975					
A	338	13155	357	13593	355	13544				
C	176	4299	166	4282	157	4061				
D	1240	7820	1322	8082	1185	8770				
E	263	768	233	728	212	698				
F	6184	10258	6392	10342	6306	10340				
FF	29	-	32	-	9	-				
FS	274	573	260	554	254	567				
H	170	1641	157	1674	154	1618				
K	130	346	136	404	137	489				
L	83	-	96	-	105	-				
R	-	-	-	-	1669	-				
X	1035	3554	1099	3797	1063	4453				
T	83	729	87	766	92	981				
Conversion Units	-	135	-	204	-	100				
	10005	43278	10337	44426	11698	45621				

* Includes 3, 6, 9 and 12 month licences.

N.B. 1971 to 1975 decrease in vehicle licences is due to the exclusion of trailers from licensing requirements.

APPENDIX Q

Q.1 Concentration of ownership

There are a number of ways that concentration within the trucking industry may be measured. One can examine a percentage of the larger firms which i) account for a certain percentage of total revenue, ii) own or operate a certain percentage of total power units, or of all vehicles, iii) control some percentage of overall capacity within the industry.

There is very little reliable data in any of those areas.

Sources we have examined are:

- Statistics Canada
- Ontario Trucking Association (1)
 - i) quoting Statistics Canada Survey, 1974 (2)
 - ii) Ship by Truck Directory (3)
 - iii) self derived data
- Ministry of Transportation and Communications (4)
 - i) Economics Policy Office
 - ii) Highway Carrier Office
- Ministry of Revenue (particularly regarding foreign ownership)
- Ontario Highway Transport Board (particularly regarding foreign ownership)

Of particular relevance to the question of concentration were the Statistics Canada figures provided in the Ontario Trucking Association brief. But there are significant problems.

Q.1.1 Number of Vehicles

We present in ~~table~~ 1 extrapolations from data prepared by Statistics Canada. It must be noted that

- 1) the data relates to 1974
- 2) it does not represent the entire industry (Ontario based, only 4082 of approximately 9,000 firms); (Ontario Trucking Association members only 811 of approximately 1,500).
- 3) it does not reflect Public Vehicle carriers of express freight.

We have assumed for the purpose of the analysis that it does represent enough of the Class I carriers either based in Ontario or which are Ontario Trucking Association members such that the inclusion of any which were left out would not significantly alter the percentages derived.

TABLE 1

EQUIPMENT OPERATED

ONTARIO BASED CARRIERS CLASS 1

firms 59 of 4,082 firms (assumed)

OTA MEMBERS CLASS 1

firms 69 Class 1; Total 811 firms

Vehicle type	Owned	%	Leased	%	Vehicle type	Owned	%	Leased	%
Straight	3,006 of 13,716	21.9	216 of 712	30.3	Straight	4,514 of 8,044	56.1	244 of 354	68.9
Tractor	6,300 of 12,478	50.5	2,108 of 2,671	78.9	Tractor	8,753 of 13,003	67.3	3,066 of 3,458	86.7
Semi trailers	13,453 of 21,741	61.8	3,402 of 3,964	85.8	Semi trailers	21,252 of 27,539	77.5	3,329 of 3,794	87.7
Other Rev Equipment	2,158 of 5,252	41.1	426 of 600	71.0	Other Rev Equipment	3,548 of 5,950	59.6	426 of 512	83.2
TOTALS	24,917 of 53,187	46.8	6,152 of 7,947	77.4	TOTALS	38,067 of 54,536	69.8	7,065 of 8,118	87.0

	TOTAL # OPERATED (Owned & leased)	%	TOTAL # OPERATED (Owned & leased)	%
Straight	3,222 of 14,428	22.3	4,758 of 8,398	56.7
Tractor	8,408 of 15,149	55.5	11,819 of 16,461	71.8
Semi trailers	16,855 of 25,715	65.5	24,581 of 31,333	78.4
Other	2,584 of 5,852	44.2	3,974 of 6,462	61.5
TOTAL	31,069 of 61,144	50.8	45,132 of 62,654	72.0
TOTAL W/O others and straights i.e. tractors and semi trailers	25,263 of 40,864	61.8	36,400 of 47,794	76.3

Some Facts which Emerge from Table 1

Re Ontario Based Carriers

- 1.4% of the firms reporting own or operate 50.8% of all revenue generating mobile equipment and 61.8% of tractors and semi-trailers.

Re Ontario Trucking Association Members

- 8.5% of the firms reporting own or operate 72.0% of all revenue equipment and 76.3% of tractors and semi-trailers.
- Since in both surveys we assume that all Class I carriers reported, if the survey were to include all firms in business the percentage of all firms represented by Class I carriers would be far less.
- For example: 59 represents less than 1% of all Ontario licensed operators.
- It is clear that Class 2, 3, 4, 5 and "O" operators tend to operate proportionately more straight trucks and "other" revenue equipment in their fleets. Thus, while adding in additional operators will mean the addition of more tractors and semi-trailers, they will be proportionately less than the number of straight trucks added.
- It could be concluded that approximately 0.7% of those operators based and licensed in Ontario operate approximately 60-70% of all tractors and semi-trailers in the province.

The analysis begins to break down at this point, but it could be assumed since tractor - semi-trailer represents more capacity than a straight truck less than 1% would control or provide some 70-80% of the available truck carrying capacity on Ontario highways. This would be supported to the extent (unquantified) that any of the 59 Class I carriers also own or control some of those operators which are not Class I.

One brief stated:

"while (1971) Public Commercial Vehicle registrations as a percentage of total registrations was small (7.5%) and roughly in the same proportions as in 1975, Public Commercial Vehicle registrations of heavy vehicle registrations were very much more significant, 49% of all tractors, 15 ton gross vehicle weight and over 74.1% of all trailers 16 tons and over." (6)

The Ministry of Transportation and Communications' Trucking Study stated: "using 1971 data, there were 326 (Class A) carriers operating 13,700 power units. (There were 30,120 reported as being totally available) of these 326 companies, 12 operated 5,060 units (37%). (7)

Q.1.2 Revenues

Turning to revenues, the total revenues earned by the Ontario domiciled for-hire industry which reported to Statistics Canada in 1974 was \$1,206,803,000. Of this revenue, \$662,360,000 was earned by the 59 Class I firms. (i.e. - the 59 largest). (8)

It is stated then, that the 59 largest Ontario based carriers earned in 1974 54.9% of all revenues. (An average of \$11,226,440 per firm).

The Ministry of Transportation and Communications in the Trucking Study stated "the revenue generated per power unit was found to be fairly constant among companies and range from \$35,000 to \$40,000 per power unit." (9)

This is not consistent with our finding that 59 firms operated 39.8% of all power equipment, yet earned 54.9% of the revenue. It is fairly consistent with our tabulations, that 59 firms operated approximately 50.8% of all revenue equipment. Thus, assuming constant return/unit on average, those same firms could be expected to (have) earned approximately the same percentage of total revenue (it turns out to be 54.9% above) .

Therefore, taking 59 firms as a total of all firms, it can be concluded that less than 1% of all firms licensed in Ontario operate less than 40% of all power equipment and yet earn more than 54% of total revenue. It would appear that returns per power unit are not equal between firms.

The number of firms in other classes reporting:

Class 2 - 120; Class 3 - 427; Class 4 - 717; Class 5 - 1461;
Class 0 - 1298; Total - 4023

Those 4,023 firms earned in 1974 \$544,443.000 in revenue (an average of \$135,332 per firm).

We explore some further relationships by calculations shown in Tables 2 and 2a.

TABLE 2

EQUIPMENT AND REVENUES OF ONTARIO BASED CARRIERS
REPORTING TO STATISTICS CANADA, 1974

ITEM	CLASS 1			CLASS 2, 3, 4, or 5, 0		
Number of firms	59			4,023		
% of firms reporting	1.4			98.6		
Total Revenue	\$662,360,000			\$544,443,000		
% of Revenue	54.9			45.1		
Average Revenue/firm	\$ 11,226,440			\$ 135,332		
Equipment totals	31,069			30,075		
% of Total	50.8			49.2		
# & % of Straights/Rev/Unit	3,222	22.3	\$204,938	11,206	77.7	\$48,585
# & % of Tractors/Rev/Unit	8,408	55.5	78,777	6,741	44.5	80,766
# & % of all Power Units/ Rev/Unit	11,630	39.3	56,953	17,947	60.7	30,336
# & % of all semi- trailers/Rev/Unit	16,855	65.5	39,298	8,860	34.5	61,449

Source: derived from Statistics Canada
data presented in OTA Brief.

FLEET COMPOSITIONREVENUE EQUIPMENT AND REVENUES GENERATEDCARRIERS REPORTING TO STATISTICS CANADA 1974

TABLE 2a

% of all equipment (31,069 units) operated by Class 1			Revenue generated by equipment assum- ing equal & constant return per unit		% of all equipment (30,075 units) operated by other classes		Revenue generated by equipment assum- ing equal & constant return per unit	
Straights	3,222/ 31,069	10.4	\$ 68,885,440		11,206/ 30,075	37.2	\$202,532,790	
Tractors	8,408	27.0	178,837,200		6,741	22.4	121,955,230	
Semi- trailers	16,855/ 31,069	54.3	359,661,480		8,860	29.5	160,610,680	
Other Units	2,584/ 31,069	8.3	54,975,880		3,268/ 30,075	10.9	59,344,287	
TOTALS	31,069	100.0	662,360,000		30,075	100.0	544,442,987*	

* error of \$13.00 due to rounding.

Source: derived from Statistics Canada
data presented in OTA Brief.

The 59 largest firms operate on average 527 pieces of revenue equipment each. Other Class carriers (smaller) operate an average of 7.0 pieces each. This gives one a significantly different impression of the makeup of the industry than, for example, the statement that "only 35 of our members operated in excess of 100 vehicles in 1975." It is consistent with the comment - "By contrast - 931 members or 72% operated 10 vehicles or less." (10)

If we assume that there is a relationship between power equipment and revenue generation, we can compare the performance of Class 1 carriers with other carriers.

The large 59 firms account for 54.9% of total revenue and earn approximately \$11,226,000 per firm. The other firms, (over 99%) earn 45.1% of total revenue and earn an average of \$135,332 per firm.

This analysis is distorted by the comparison of unlike carriers. For example, some (unknown) proportion of the firms reporting would be aggregate haulers. It is inappropriate if not totally misleading to compare the revenue generated (or expected or needed) by such a carrier with the revenue generated (etc.) by a large Class A carrier.

Regardless, there is not a constant relationship between power equipment and revenues across the industry. The largest firms average \$56,953 revenue/power unit; the others average \$30,336. (If one based revenue on tractors alone, the comparison is much more equal. (Class 1 - \$78,777; others - \$80,766.) To drive meaningful results, one should examine net revenues per power unit.

If we assume to measure concentration in terms of revenues, it is clear that a small percentage of Ontario based firms earn a relatively large share of revenue.

Q.2 Foreign Ownership

The Committee encountered much difficulty in trying to come to grips with the question of who owns what in the trucking industry. Some corporate inter-relationships are well known, others are not.

The Ontario Highway Transport Board provided to the Committee, 1) a list of carriers in Ontario which are controlled by other than Canadian companies, and 2) a list of those firms which hold more than one operating licence in Ontario by reason of a parent controlling at least one subsidiary. (11)

As reported by the Board, there are approximately 29 Ontario operating companies, licensed under The Public Commercial Vehicles Act which are owned by 16 foreign companies.

The 17 companies licensed for general freight own or operate approximately 761 straight trucks, 1961 tractors and 5,346 trailers.

Based on this information, the industry in Ontario is clearly not dominated by foreign concerns.

The Ministry of Transportation and Communications in the Truck Transportation Study indicated the following with regard to common carriers:

TABLE 3 (12)

<u>Ownership/Base</u>	<u>% of total power units owned by non Ontario concerns</u>	<u>% of total power units based in jurisdictions other than Ontario</u>
Non-Ontario	34.3	24.9
U.S.A.	18.9	15.4
Other countries	3.8	N/A
Other provinces	11.6	9.5

Table 4 shows the number of "truck transport" corporations listed on the 1974 tax roll of the Ontario Corporations Tax Branch. (13)

The Ministry of Revenue, in providing these figures commented:

It can be seen that some 909 transport corporations, or about 68.1% of the total such corporations on the tax roll in 1974 reported that they were "Canadian controlled private corporations". Many of the corporations in this particular category had a strong incentive to report this information to the Corporations Tax Branch in view of the announcement of the "small business tax credit" in the 1974 Ontario Budget.

On the other hand, except for the purpose of administering the small business tax credit, the Corporations Tax Branch had no reason to question the information provided by corporations, whether large or small relating to their public or private status, or to their Canadian control status. Thus, some 367 corporations (about 27.5% of the total) did not report this type of information.

It is probable that at least some of these 367 nonreporting corporations would be Canadian-controlled (public or private) corporations which omitted to provide the information, either because they did not qualify for the tax credit, or because they had no taxable income against which to apply the tax credit.

In the case of the 16 corporations reporting themselves as 'public corporations', it may be assumed that these would tend to include the largest trucking enterprises, some of which may well have been Canadian-controlled.

The Table also shows an alternative breakdown of these data on the basis of the control of voting shares. Some 821 trucking corporations (61.5% of the total) reported that at least a majority of their voting shares were under Canadian control, including 813 corporations with 100% of their voting shares in Canadian hands.

Again, except where a small business tax credit was to be claimed, the Branch had no reason to question the information provided by corporations on the subject of voting control and, indeed some 495 corporations (about 37.1% of the total) omitted such information.

Thus, having due regard for the incomplete nature of the information and the significant number of corporations not reporting, one might draw the rough conclusion that about two-thirds or more of the truck transport corporations filing corporations tax returns to Ontario in 1974 were Canadian-controlled.

TABLE 4

NUMBER OF "TRUCK TRANSPORT" CORPORATIONS
LISTED ON THE 1974 TAX ROLL
ONTARIO CORPORATIONS TAX BRANCH

			Number of <u>Corporations</u>
1.	Total number of corporations classified as "truck transport" <u>corporations</u>		<u>1,335</u>
2.	Number of corporations specifying <u>whether public or private</u>		
	Public corporations		16
	Private corporations		
	Canadian controlled	909	
	Other control	<u>43</u>	952
	Not specified		<u>367</u>
			<u>1,335</u>
3.	Number of corporations specifying percentage of Canadian control of <u>voting shares</u>		
	100% of voting shares under Canadian control		813
	50% to 99% of voting shares under Canadian control		8
	Less than 50% of voting shares under Canadian control		19
	Not specified		<u>495</u>
			<u>1,335</u>

Note (1) The total of 1,335 "truck transport" corporations does not include a further 31 corporations classified as "moving and storage" corporations, whose principal business was the moving and storage of "used goods, uncrated".

This does not, of course, reveal what proportion of the industry as a whole was Canadian-controlled if respondents' data had been weighted by their assets, ton-miles, volume of sales, or other measures of corporate size. Presumably, the larger and more diversely-held corporations tended to be in the "not specified" category, since these corporations would not, in any event, have qualified for a small business tax credit.

Our records relating to other provincial taxes, in particular the gasoline tax and the retail sales tax, do not contain information likely to be relevant to the question of foreign control in the trucking industry.

The Ministry of Revenue in discussing the alternate sources of data stated:

The Gasoline Tax Branch has records relating to those inter-provincial and international trucking enterprises that are registrants under The Motor Vehicle Fuel Tax Act. However, these records do not provide any meaningful guidance on the degree of "foreign control", except to the extent that most trucking enterprises having an out-of-Canada business address for tax-reporting and record-keeping purposes might reasonably be presumed to be controlled by non-Canadians. Likewise, any trucking enterprises that are proprietorships or partnerships having a Canadian business address could be assumed to be controlled by residents of Canada.

On the other hand, where registrants are corporations with a Canadian business address for tax-reporting and record-keeping purposes, the residence or citizenship of those exercising ultimate control of such corporations is not required to be shown in our records.

Our records relating to other provincial taxes, in particular the gasoline tax and the retail sales tax, do not contain information likely to be relevant to the question of foreign control in the trucking industry.

On the basis of the evidence before the Committee, we do not find that the Ontario for-hire trucking industry is inordinately controlled by non-Ontario or non-Canadian concerns.

Footnotes Appendix - Q

- (1) See OTA Brief - particularly Appendices 4 and 5.
- (2) The Statistics Canada figures are based on 4,082 firms reporting to it in 1974. This does not represent all the firms based in Ontario, due to unusable replies and Statistics Canada definitions of what constitutes a trucking concern.
- (3) Ship by truck indicates in most cases (with one or two major omissions) the numbers of vehicles (straight, tractors, trailers) operated by each firm listed. It is, however, not possible to define how many of the vehicles are operated in and for the Ontario market or how many are dedicated to A, C, D operations, etc. where the carrier holds more than a single authority.
- (4) MTC figures on the number of firms with authority is not exact to the extent that one firm may corporately control another firm. For example, CN is listed as one firm. So is Hoar, Husband and others as separate firms, but these are in fact owned by CN Transport). The extent of such corporate linkage is difficult to quantify.
- (5) MTC Computer Program - PCV File - January 1977
- (6) OTA Brief page 9
- (7) MTC Truck Transportation in Ontario Phase 1, page 60
- (8) derived from Stats Canada figures as Contained in OTA Brief, Appendix 4
- (9) MTC Truck Transportation in Ontario Phase 1, page 60
- (10) OTA Brief Page 21
- (11) OHTB in letter to BBC July 30, 1976
- (12) MTC Truck Transportation in Ontario Phase 1 pages 63-64. Based on 30,120 power units being available to the province.. Since only obvious inconsistencies were discounted, some error remains. Companies owned by the Railways were considered to be owned in other provinces.
- (13) Revenue to BBC July 22, 1976

APPENDIX R PART I

2.3 MODE USE

The use of the various modes of freight transport is, to an extent, dependent upon the conditions in the particular urban area under study. However, in the case of internal freight flow (i.e. freight movements where both the origin and destination of the consignment is in the same urban area), the motor truck dominates. In Melbourne, for example, internal movements by rail were less than 1% of the mass of those by truck (Ogden, 1975). Even in New York, where extensive use is made of barge, 77% of the mass of internal freight is carried on trucks (Wood, 1970). Thus, "an analysis of urban goods movement is essentially an analysis of truck transport within cities, given existing institutions and technology" (Hedges, 1971a).

With external freight flows, i.e. those which involve the movement of goods in or out of an urban area across the urban boundary, generalizations are not possible. The actual usage of the various modes depends firstly upon the modes that are available; this may in turn depend upon geographic factors such as whether the city is located on a coast-line or inland waterway. The commodities which are imported or exported, and the length of haul will also affect mode use, since the relative advantage of one mode over another varies with both of these (Hutchinson, 1974b)

The total mass of imports exceeds that of exports; a large urban area is a net consumer of goods by mass since it requires the importation of food and raw materials to survive. Secondly, the truck's share of exports is higher than its share of imports. Imports are more commonly bulk commodities like food, oil and raw materials which are suited to bulk modes like ship and rail, while

exports are more commonly processed products, many of which are more suited to the road mode.

Number of Trucks

For large U.S. cities, with populations in excess of one million, the truck ownership rate is fairly constant at about 25-30 trucks per thousand population (WSA, 1969). For smaller cities, the rate increases because of the increased incidence of truck ownership for private transportation. Canadian rates appear to be comparable. In Calgary in 1972, for example, the truck ownership rate was 37 trucks per thousand population. (TDA, 1974).

Truck Types

In terms of numbers of trucks, the urban truck fleet is dominated by small trucks. The following table shows the proportion of pick-ups and panel vans in the total urban truck fleet for selected cities.

	<u>Pick-up</u>	<u>Panel Vans</u>	<u>Other</u>	<u>Total</u>
New York (Wood, 1970)	20	21	59	100%
Calgary (TDA, 1974)	18	42	40	100%
Melbourne (Ogden, 1975)	31	35	34	100%
Atlanta (WSA, 1969)	48	13	39	100%
Cincinnati (WSA, 1969)	40	15	45	100%

These data are not necessarily comparable, because of definition inconsistencies, but they clearly indicate that over half of the urban truck fleet is made up of light trucks. As will be seen later, many of these are primarily used for passenger transport, not for freight.

The dominance of the truck fleet by light trucks is also shown by the distribution of gross vehicle weights. The following table is based upon a mail-back questionnaire issued in the three cities (Department of Environment, 1974).

<u>Weight Class (Lbs.)</u>	<u>Toronto</u>	<u>Calgary</u>	<u>Halifax</u>
0-6000	41	43	52
6,001-10,000	18	29	12
10,001-19,500	11	8	10
19,500-33,000	16	10	20
over 33,000	<u>14</u>	<u>10</u>	<u>6</u>
	100%	100%	100%

Although the heavier trucks are a small proportion of the total fleet, they carry a significant proportion of the freight task. For example:

Truck Ownership

Truck ownership may be broadly divided into four classes.

	<u>Commercial For-Hire</u>	<u>Private Commercial</u>	<u>Personal Use</u>	<u>Gov't.</u>	<u>Total</u>
Calgary (TDA, 1974)	17	44	33	6	100%
11 U.S. Cities (WSA, 1969)	6	57	34	3	100%
Melbourne (Ogden, 1975)	13	54	27	6	100%
Toronto (Dept. of Environ- ment, 1974)*	14	71	15	-	100%
Halifax (Dept. of Environ- ment, 1974)*	11	67	22	-	100%

* Government trucks included in private commercial.

It can be seen that about one-half of all urban trucks are owned for the private carriage of the owner's own goods. Another one-third of trucks are typically owned for personal transport; these trucks do not make a significant contribution to the urban freight task (see below). Only a small minority of urban trucks are owned and operated by commercial for-hire carriers.

<u>Number of Trucks Owned</u>	<u>Toronto</u>	<u>% of Owners Calgary</u>	<u>Halifax</u>
1	74	75	73
2	14	13	13
3-4	7	7	7
5-10	3	3	5
11-20	1	1	1
20	<u>1</u>	<u>1</u>	<u>1</u>
	100%	100%	100%

The predominance of owners with single-vehicle fleets is apparent. In part this reflects the personal usage of trucks, but it also indicates that many trucks in both private-commercial and for-hire cartage are operated by small, possibly one-man, firms.

Number of Trips per Day

Thus it appears that an urban truck makes about 6-7 trips per day, averaged over all trips and all trucks. The trip generation rate for internal trips by trip-making trucks is about 7-9 trips per day, on average.

The low rate for personal use trucks - comparable with that of the private car reflects the usage of these vehicles for passenger rather than freight transport.

Similarly, the daily trip generation rate varies significantly with the industry of ownership. The number of trips per truck per day for selected categories of ownership in Melbourne was as follows:

Manufacturers	11.5 trips per day
Construction	4.8
Retailers	7.8
Wholesalers	10.4

Another way of looking at this characteristic is to determine the proportion of daily truck trips generated by the various industry groups. This is shown in the following table:

	11 U.S. Cities (WSA, 1969)	Melbourne (Ogden, 1975)
Manufacturers	11	24
Transportation	13	17
Wholesale & Retail Trade	37	21
Construction	10	9
Government	6	10
Personal Use	10	10
Other	13	9
	100%	100%

Distance & Time Travelled Daily

The distance travelled by a truck in a day and the amount of time it spends travelling are both measures of the utilization of the truck fleet. However, both of these parameters vary with the type of truck and from city to city.

The amount of time which a truck spends on the road is also a measure of its utilization. WSA (1969) has reported that the average daily time in motion for 5 U.S. cities was 175 minutes per day. Light trucks were less heavily utilized than heavy trucks - 161 minutes compared with 220 minutes.

It is obvious from these figures that an average truck spends the greater part of its time at rest; WSA (1969) estimated that the average truck was in motion for only 12.2% of a 24-hour day. Consequently, it is necessary to examine the utilization of the time at rest, and in particular to examine how much of this is time that is spent waiting to be loaded or unloaded. The mean time delayed, the mean time travelling and their sum, the mean time in use per day

for various truck owner categories in Melbourne is shown below. Also, since not all vehicles experienced delay, the mean delay to delayed trucks is also shown (Ogden 1975).

<u>Type of Carrier</u>	<u>Time Delayed</u>	<u>Time Travelling</u>	<u>Time In Use</u>	<u>Delay to Delayed Trucks</u>
Commercial for-hire	33	182	215	39
Private commercial	23	124	147	60
Government	10	143	153	34
Personal	1	51	52	2

The figures reveal that the time spent waiting to be loaded or unloaded was a significant proportion of the total time in use for commercial for-hire and private commercial trucks, and that the delay experienced by delayed trucks was substantial. However, the total time in use was in all cases much less than the length of a working day; even commercial for-hire trucks were in use for only about 3½ hours per day on average.

Truck Trip Purpose

It is important to note at this point that only a small proportion of trips have purposes that involve the carriage of a full load of goods. In fact the majority of trips either do not involve goods movement at all (home base, business, personal use) or only involve partial loadings (many delivery trips, many service trips). This helps to explain the apparent low utilization of trucks which is reported below.

Two points emerge from these tables. Firstly, in different cities there is a different distribution of commodities. The commodities which are involved in any particular case are a reflection of that particular region's degree of industrialization, type of industries, growth rate, etc. Secondly, notwithstanding the first point, there are certain commodities which are important in most if not all cities. Perhaps one-quarter to one-third of all truck trips are made

by empty trucks. Food products and tradesmen's tools and equipment are possibly the most important commodity groups in terms of trip occurrence, while trips carrying waste products, manufactured products, fuel and mixed goods are also significant in numerical terms.

It can be seen that, although all cities reported small average trip lengths, there was a wide variation in the actual value of the parameter. This implies that the distribution of trip ends across the urban area varies between cities and thus the trip length varies also. However, the average trip length for heavy trucks is consistently higher than that for light trucks. This is probably because the smaller trucks are more likely to be used on pick-up and delivery functions and thus to have a greater concentration of trip ends.

It is clear from this that the reason for the small loads which were carried is not just that the truck fleet mainly comprised small vehicles. A more important reason is the range of purposes for which the truck fleet is used. It was noted above that only a small proportion of truck trips involved, as a part of their function, the carriage of a full load of goods. Many trips involved the movement of an empty vehicle to or from a load pick-up or discharge point, many involved only partial truck loadings, and many more were primarily for passenger-related trip purposes.

It is fairly well known that the peaks in urban truck trip generation do not coincide with car travel peaks. The peak hours for truck travel are mid-morning (between about 9:00 a.m. and 11:00 a.m.), and early afternoon (between 2:00 p.m. and 4: p.m.). Figure 2.1 which shows the hourly variation in both truck and car trips for the New York area is typical (WSA, 1969). Similar curves for

other cities have been published by TDA, (1974), Department of the Environment (1974), Chappel and Smith (1971) and Ogden (1975).

When particular types of truck activity are examined, rather than the aggregate overall distribution, a slightly different pattern emerges. For example, the Department of the Environment has shown that truck activity in the CBD tends to start later in the morning and finish earlier in the afternoon than truck activity elsewhere. This is probably related to the operating practices of truckers serving the downtown area, who probably try to avoid being in that area in the daily car peak hours (Fig. 2.2).

On the other hand, Hutchinson (1974 a) has shown that trucks generated by manufacturing industries in Toronto have three pronounced peaks, and the early morning peak in particular coincides closely with the car peak (Fig.2.3). This may be because many of these industries are located in urban fringe areas and thus are not as strongly influenced by car peak travel.

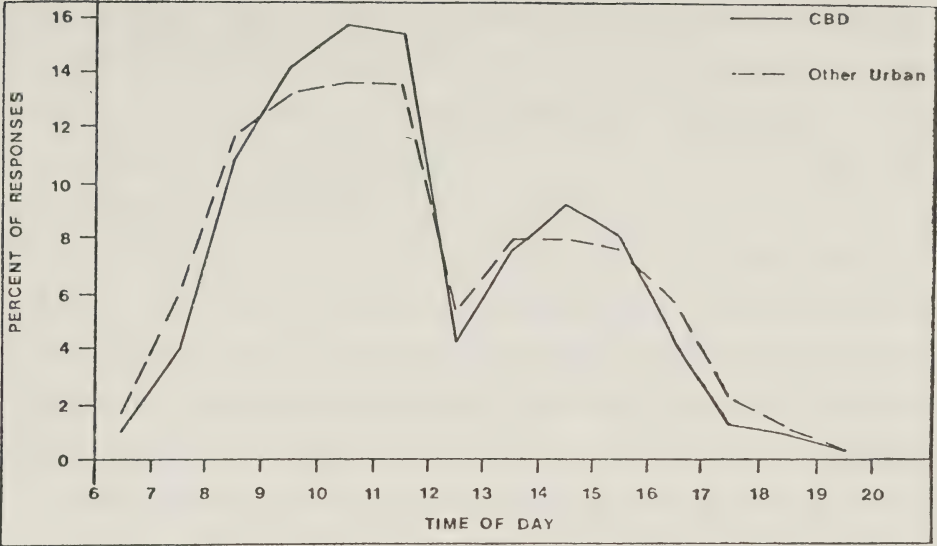


Figure 2.2 - Comparison of CBD & Other Urban Generation (Toronto)

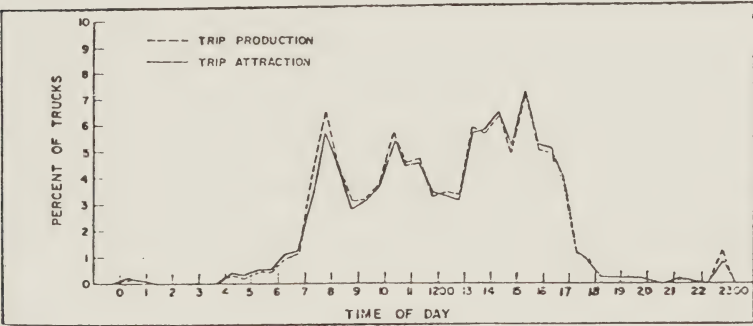


Figure 2.3 - Truck Trip Generation by Manufacturing Plants (Toronto).

It can be seen that the major trip generators are residences and retail stores. Together, these account for nearly half of all truck trips. The balance of the trips are generated by a wide range of land use activities.

On any particular street, the proportion of trucks will vary, depending partly upon whether there is a major truck traffic generator served by that street. Across a screen-line however, more consistency would be expected. WSA (1969) has shown that for several U.S. cities, the proportion of trucks crossing screen-lines was consistently in the range of about 15%-20% of total daily traffic. In Metro Toronto, the proportion of trucks crossing cordons in a 12-hour weekday varies from a low of about 11% in the case of screenline generally following Dupont Street, to a high of 16% in the case of screenlines east and west of the CBD. Suburban screenlines generally measured about 14% trucks (Metro Toronto Planning Department, 1976).

Moreover, the proportion of trucks in freeway traffic is higher than the proportion in arterial streets. On Metro Toronto expressways, the proportion of trucks was as high as 25% on Hwy. 400 south of Hwy. 401, and 22% on Hwy. 401 at the Humber River. Truck proportions on expressways were typically in the range of 16%-20%, which is higher than the proportions observed for screen-lines.

At the present time, it is not possible to review the non-quantitative aspects of urban freight in as comprehensive and detailed a fashion as has been done for the quantitative aspects. The main reason for this is that there have been very few comprehensive analyses of the institutional characteristics of urban

freight. Moreover even if there had been more, their value would be limited because the regulations governing the urban freight system vary considerably from place to place; in Ontario, much of the regulatory responsibility lies with the municipal level of government, and the regulations can and do differ significantly between municipalities.

Thus it is fortunate that one of the very few studies of actors and institutions in urban freight was based upon the freight system in metropolitan Toronto. This analysis, entitled "Project Contact Futures" was carried out by the Faculty of Environmental Studies at York University for the Transportation Development Agency in 1973-74. Much of the following comment is based on this study.

APPENDIX - R (Part 2)CHAPTER 6A SUMMARY OF OPPORTUNITIES FOR
IMPROVING URBAN FREIGHT SYSTEMS6.1 INTRODUCTION

In Chapters 3 and 4 a number of particular problems associated with the movement of goods in urban areas have been identified. There are probably a number of possible approaches to tackling each of the problems which have been identified. However, it is not possible at this stage to evaluate these various proposals, or to make suggestions or recommendations as to which are the most appropriate. It would be unwise to attempt to reach conclusions regarding the best way to approach a specific problem in the absence of data and an understanding of the possible effects of changes. In order to analyze any such changes, or to evaluate any proposed solution, it is necessary to have a greater knowledge of existing urban freight processes and problems.

However, while it is not possible to make such recommendations at this time, it is nevertheless valuable to document the range of possible approaches which have been proposed by others. Furthermore, it may be that situations will arise that call for some decisions to be made before an adequate information and data base is established.

Accordingly, in this chapter, a number of possible approaches to solving urban freight problems are listed. No attempt is made to assess their viability or effectiveness, nor is the feasibility of the various proposals discussed; it is likely that many of the proposals are impractical on technical, economic or public policy grounds. The review is largely based upon the literature, (especially Simons, 1972; TDA, 1972 & Goeller, 1971) and also draws partly upon a listing prepared in 1975 by Mr. R. Smith of the Economics Policy Office.

Many of the approaches which are listed are basically improvements to or extensions of existing practice, and in some cases there is already some acceptance of these practices (for example, evening deliveries). However, these items are included if their wider use could be thought to improve urban freight efficiency.

For convenience, the list of proposals has been divided into seven categories, as follows:

- Improvements in Freight Technology
- Changes in Operating Practices
- Freight Consolidation
- Location & Zoning of Land Use
- Transport System Improvements
- Changes in Regulations
- Changes in the Pricing Structure

There is no particular advantage in this categorization, except possibly that it roughly corresponds with areas of responsibility in both the public and private sectors. Moreover, several strategies could be associated with two or more of the above divisions, but where this is the case, they have been included in one only. In the following sections, the various approaches in each category are briefly reviewed.

Following this review, a brief discussion is given of the policy instruments available for introducing some of these changes. Again, no attempt is made to assess the appropriateness or application of any of these instruments.

6.2 IMPROVEMENTS IN FREIGHT TECHNOLOGY

The various approaches in this category are technological. In some cases the existing technology may not be suited to the task, or in other instances, technical improvements may prove beneficial.

Truck Design

Truck design is in a state of continuous evolution. Commercial forces might be expected to encourage the development of truck types more suited to urban conditions, while government regulations have been used to ensure satisfactory levels of safety, noise and air pollutions.

Developments which may have the potential to improve services include:

- the development of side loading vehicles for use in congested areas where off-street facilities are not available.
- the installation of handling facilities on the truck especially for loading and unloading.
- the development of security devices to reduce theft of vehicles or their contents.
- the use of smaller vehicles for specialized urban delivery.
- the use of larger vehicles for some types of urban delivery, especially where a smaller number of larger vehicles could carry out a given freight task (e.g. delivery of construction material).
- the development of electrically powered urban delivery trucks.

Freight-Passenger Service Integration

It might be possible to develop means of integrating the movement of passengers and freight in urban areas. Such possibilities include the following:

- using existing rail freight systems passing through an urban area for passenger movement.

- using existing transit systems, with freight and passengers being carried in the same vehicle.
- using rights-of-way which are exclusively for buses and trucks.

Terminal Automation

Many urban consignments at present pass through a terminal where they are sorted for delivery. Delays and costs are associated with these terminal operations and it may be that automated systems could introduce efficiencies. However, the critical problem is not really a technological one; automation is standard in many such situations (e.g. the post office). Rather, the problem is to encourage the development of situations in which the benefits of automation may be realized. This essentially means larger scale operations (e.g. by consolidation) and a degree of standardization in product sizes and packaging. These issues are discussed below.

Innovative Technology

At present, goods movement in urban areas is dominated by the motor truck. The possibility of utilizing passenger vehicles for freight has been mentioned, but in addition, there may be scope for innovative technology. A central feature of such systems would be that they be automatic, with resultant lower labour costs. Such systems include:

- commodity pipelines (vacuum, pneumatic)

- containers on powered rollers
- banded consolidated freight on conveyors
- automatically routed vehicles on an exclusive right-of-way (e.g. in a tunnel).

6.3 CHANGES IN OPERATING PRACTICES

While many of the possibilities mentioned elsewhere would necessarily involve a change in the operating practices of cartage companies and shipping firms, it is possible that there may be benefits resulting directly from changes in the existing arrangements for carrying freight.

Improved Pick-up & Delivery Operations

Cartage companies engaged on pick-up and delivery operations generally operate in a systematic and well-organized manner. The operation may in some cases be improved by techniques such as the following:

- centralized dispatching, whereby the activities of several firms could be coordinated (this may lead to a form of route consolidation - see below).
- aggregated warehousing facilities, so that a number of firms delivering to the same clients use the same or adjacent warehouses.
- radio dispatching, which is already common, but its wider use could be encouraged.

- aggregated home deliveries, especially to apartments, so that all deliveries to an apartment building would be made to a central receiving facility.
- aggregated industrial and commercial deliveries, whereby all deliveries to tenants in a building or industrial park would be accepted at a common receiving facility.
- system to allow a driver to telephone ahead to ensure that a person will be available (especially at dwellings) to receive the delivery.

Time of Delivery

Currently, trucks in urban areas typically operate for only a few hours per day. If the truck utilization could be increased, it is theoretically possible to achieve a more efficient operation. There are two main ways in which this could be done: introduction of evening delivery (which is common in some industries, such as deliveries to supermarkets and service stations), and expansion of the hours in which firms will accept trucks. With respect to the first, the following techniques are available:

- delivery to a firm in the evening hours, with the receiver being present to accept delivery.
- a variation of the above, in which one person or firm would accept delivery on behalf of a number of firms (e.g. in a shopping centre).

- use of a 2-key storage room, in which the driver delivers and unloads the shipment, and locks the room as he leaves.
- use of a locked container or trailer, which is dropped off during the night.
- use of freight bins or slots, analogous to letter boxes.

In the second category, the problem is that the hours during which some firms will ship or receive goods are apparently decreasing - no deliveries at lunch-hour, no deliveries after 3:00 p.m., no deliveries before 9:00 a.m., no deliveries Friday afternoon, etc. If only a few firms adopt these practices, there is little difficulty in scheduling deliveries accordingly, but if many firms do it, truck utilization declines with resultant costs to all users. The problem can ultimately only be solved by negotiation between shipper, receiver and trucker, or possibly by presenting the firms with the costs they are causing (see below).

Containerization, Palletization and Packaging

Containerization has revolutionized international freight, but has had little effect yet on urban freight deliveries. There may be scope for its wider use, particularly if associated with some form of consolidated delivery.

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Containerization, Palletization and Packaging

Containerization has revolutionized international freight, but has had little effect yet on urban freight deliveries. There may be scope for its wider use, particularly if associated with some form of consolidated delivery.

Palletization is associated with the use of mechanical aids to speed loading and unloading of trucks. Their wider use might be encouraged by standardized size, and improved accountability and return procedures.

Improved packaging can reduce spillage and breakage loss. The introduction of tariff and insurance structures which encourage the use of better packaging may be the best way of facilitating these improvements.

Standardization

At the present time, there are impediments to the smooth flow of goods between shipper and receiver, and especially between different carriers where freight is inter-lined. Some of these impediments could be reduced if there was a rationalization and standardization of certain aspects of the freight system. The main such aspects are:

- standardized shipping units, such as pallets and containers of a standard size.
- through bill-of-lading - it should be noted that there exists a Federal-Provincial committee working towards rationalizing the paper work associated with freight movements.
- standardized commodity classification, to facilitate rate setting.

6.4 CONSOLIDATION

It would appear that the capacity of the present truck fleet could be better utilized, in terms of both tonnage and time. It is argued that if freight were consolidated, the utilization of the fleet would improve, with a resultant reduction in the number of trucks required to carry out the freight task. (McDermott, 1976)

Various consolidation schemes can be used, as follows:

- route consolidation, where only a single truck serves pick-up and delivery functions in a particular area, instead of the present arrangement, whereby several trucks from several firms serve the area.
- terminal consolidation, which would be necessary to realize the full benefits of route consolidation. This involves the use of a common terminal to facilitate the transfer of goods between carriers. Apart from facilitating the introduction of route consolidation, it has the advantage that the larger scale of operations permits the introduction of automated sorting and handling equipment.
- shipment consolidation, which simply means that fewer calls are made to a particular building, but a larger shipment is picked up or delivered.

6.5 TRANSPORTATION SYSTEM IMPROVEMENTS

There are several ways in which the transportation system could be modified to either reduce the costs to trucks, or reduce the effects of trucks on the urban environment.

Road and Intersection Improvements

The improvements of roads and intersections in urban areas, and the resultant reduction in congestion, has possibly the greatest potential of any scheme to reduce urban freight costs, (Lea, 1971). These improvements could take various forms, including:

- rationalizing the spacing and pattern of urban arterials and freeways.
- improving access roads to freight generating areas.
- construction of new and improved facilities in congested corridors.
- redesigning intersections which trucks presently have difficulty in negotiating.
- increasing traffic capacity and/or speed by signalization, area traffic control and other traffic management schemes.
- provide good maintenance.
- take trucks into account more explicitly in road and intersection design, e.g., where possible avoid signalized intersections on grades.

Spatial Separation of Passenger and Freight Movement

The temporal separation of passenger and freight movement has been discussed above. The two flows can also be separated spatially, with the object of improving the flow of either passengers or freight, or perhaps both. The basic ways in which this might be done include:

- banning trucks from certain streets, usually for environmental reasons.
- provision of truck-only facilities, e.g., access roads to receiving facilities at regional shipping centres, the provision of freight tunnels to serve large downtown developments, etc.
- provision of truck-only lanes (or possibly joint use of a single lane by trucks and buses).

Truck Routes

Many urban areas (e.g. Hamilton, Ontario) have a designated truck route system; trucks are not permitted to use other roads unless required to do so in order to make a pick-up or delivery. This concept is primarily used to prevent truck intrusion into residential areas, and as such can reduce some of the environmental problems of urban goods movement.

6.6 LOCATION AND ZONING OF LAND USE

Freight and freight vehicle movements are generated by commercial, industrial, residential and other activities. Consequently, by controlling the location of those activities, the effects of urban freight can be controlled to some extent. Freight costs could potentially be lowered by the following means:

- grouping of industries on the basis of complementary trade to encourage back hauls.
- integration of the location of complementary activities, instead of the current practice of separating heavy industries, processing industries, warehouses, etc., which produces a need for heavy freight flow within an urban area.
- locating terminals for inter-city freight on the urban fringe, so that large highway trucks do not penetrate the urban area.
- consideration of transport infrastructure in land use planning to ensure optimum use of existing network.
- zoning land uses with high transportation requirements near good transportation facilities.
- encourage industrial location near appropriate transport infrastructure.

- restricting large industrial parks, warehouse, etc., to sites with rail sidings.
- redevelop congested areas, so that land use and transportation capacity are compatible.
- explicit consideration of goods movement requirements in planning of new towns, and preparation of official plans by municipalities.

6.7 REGULATION CHANGES AIMED AT PROMOTING EFFICIENCY

Since government regulations of various types constitute part of the environment in which the urban freight system operates, it may be that changes in some regulations will have the effect of promoting efficiency, or reducing the problems associated with urban freight.

Traffic Regulations

Traffic regulations could be introduced, and present regulations enforced, either to reduce costs to trucks, or to reduce problems caused by trucks. For example

- enforcement of no-stop, no-stand and no-park regulations to improve traffic flow.
- ease restrictions on truck parking, e.g., by increased provision of "loading zones".

- restrict the use of competing vehicles (especially private cars) in congested areas, so that only vehicles with a need are permitted in certain areas.

Building Regulations

The location of freight generating activities has been discussed above; in addition, the provision and design of receiving and shipping facilities could be subject to regulation. For example:

- ensure that new apartment buildings of a certain size have a central receiving facility.
- ensure that new factories, warehouses, etc., to have adequate off-street loading facilities, including both the number of bays and the size of bays and access areas.
- require retail stores to have an adequate stock room, so that deliveries do not have to be made so frequently.
- require a "statement of transportation requirements" to accompany an application for a building permit by commercial or industrial establishments.

6.8 CHANGES IN THE PRICING STRUCTURE

It may be possible to improve efficiency by changes in pricing to encourage more desirable practices. Such changes might include the following:

- o FOB pricing for delivered goods, so that price is paid by the consignee as a separate direct charge.
- o encourage rate competition, rather than service competition alone.
- o introduce a system of extra charges for non-acceptance of deliveries.
- o encourage minimum charges per delivery to discourage multiple small deliveries.
- o pricing formula to reflect higher costs in certain areas, e.g., downtown deliveries, restricted time deliveries.

6.9 POLICY INSTRUMENTS

It is useful to conclude this brief review of potential improvements to urban freight systems with an equally brief listing of the various policy instruments which are available to governments if they wish to become involved with urban freight improvements. Once again, this is only a list of available strategies, and no suggestions regarding economic, political or institutional feasibility are implied.

Infrastructure Investment

Investment in specific urban freight-related facilities, such as consolidation terminals, as well as investment in urban transportation facilities for general use.

Taxation

The use of taxation as a policy instrument by increasing the costs of particular ways of conducting a transaction, thus making it less attractive, e.g., taxation of deliveries to discourage multiple deliveries.

Subsidization

The payment of a subsidy or bonus to encourage desirable ways of conducting a transaction, e.g., to subsidize private investment in handling facilities.

Regulation

The making of new or the reform of existing regulations with the specific intention of encouraging efficiency in urban freight.

Demonstration

Demonstration projects may be undertaken by governments as part of an applied research and development program. If successful, the project may be taken up and used in the private sector.

Technology Development

The development of new technology, involving fundamental research, particularly into technical or engineering aspects.

Public Ownership

Governments could participate directly in the urban freight process, by ownership of particular services, e.g., air terminals, etc.

CHAPTER 7A PRELIMINARY EVALUATION SCHEME FOR
URBAN FREIGHT7.1 INTRODUCTION

In the previous chapter, a list of possible ways in which the urban freight system might be improved was presented.

A knowledge of the range of alternatives which are available must, however, be complemented by a means of assessing the worth of any particular proposal. This final chapter is thus, concerned with the need to develop such an expertise and presents a proposed outline of a preliminary evaluation scheme for urban freight.

The evaluation scheme must, of necessity, be somewhat crude at this stage, because analysis and forecasting techniques are not currently available. However, the evaluation approach and the criteria determining the effectiveness of possible solution strategies are felt to be sound, and the approach presented here should be a suitable foundation for the development of more sophisticated and sensitive evaluation schemes in the future.

7.2 CRITERIA FOR EFFECTIVENESS

In the Phase 1 Report, at Section 4-3, the purpose of urban freight analysis in the context of transportation planning was discussed. It was suggested that the

transportation planning agency's interest in urban freight analysis is "to analyze the total costs of urban freight, the opportunities for and incidence of tradeoffs between the various cost elements, and the interaction between freight supply and freight demand."

Four cost elements were identified (Phase 1 Report, Chapter 5), as follows:

- o transport operation costs, which are essentially the direct costs of transporting goods.
- o external costs, which include environmental impacts and interactions with other vehicles and pedestrians.
- o community costs, which are costs incurred by governments in assuming responsibility for freight transport activities.
- o urban structure costs, which are a special type of external cost, and relate to the interaction between freight facilities and urban structure.

It follows that the criterion for the effectiveness of a particular change in the urban freight system, from a transportation planning viewpoint, is that it reduces the total cost of urban freight. (Meyburg, Diewald & Smith, 1974). Any criterion which is more restrictive than this, and which is addressed to only one of the four cost elements listed above (e.g. transport operation costs) runs

the risk of producing plans and policies which are unsatisfactory or even counter-productive. This is because it could happen that the desired cost reduction in the narrow area under study could only be achieved by incurring costs of a greater magnitude elsewhere in the system. For example, it may be that evening deliveries could reduce the transportation costs of urban freight (see Chapter 6), but in order to realize these savings, it would be necessary for receivers of goods to invest in double-key storage areas, have staff on duty at night, or in some other way incur costs in order to make the evening delivery proposal work. If these latter costs exceed the savings in transport operation costs, reduction in congestion, and any other benefits of the proposal, then clearly the proposal is not a desirable one for the view point of the community as a whole.

Thus, the essential criterion for determining the effectiveness of a possible solution to an urban freight problem is that the total costs of urban freight are reduced, commensurate with satisfying the freight requirements of the community. Of course, the costs of implementing the proposal must be treated as part of the evaluation.

7.3 SELECTION OF FREIGHT STRATEGIES

There is no shortage of possible ways of changing the freight system. The task is to select proposals which are appropriate for any particular case. In the preceeding section, it has been argued that the aim is to minimize (or reduce) the total cost of freight.

However, a government planning agency does not have much influence on many of the cost elements. The implementation of a particular strategy related to freight will more often than not mean that some costs are incurred so that a greater saving may result elsewhere. Since most of the cost elements are in the private sector, it is likely that for many of the proposals listed, those sectors which would be faced by extra cost, would object.

Consider the off-suggested strategy of increasing freight efficiency through consolidation. (The example is taken from Hicks, 1975). Consolidation involves the carrying of more than one shipment at a time. Its objective is to increase utilization of vehicle capacity and thereby reduce the number of trips that need to be undertaken and decrease the number of vehicles in the total urban fleet. As noted in Chapter 6, where consolidation offers a clear financial benefit for a firm, it tends already to be practised. The question is whether there are other opportunities for freight consolidation which are yet to be exploited.

Hicks set up a simple analytical example to represent the freight consolidation process, as follows: assume that a single truck is used solely to carry goods in an urban area from a rail station to a nearby retail variety store. Goods arrive by different trains in very small consignments at all hours during the day. The carrier operating the truck has his terminal at the rail-side where he is able to receive goods, sort them into compatible loads and palletize them. The retail store operates on a very low inventory so that longer delivery times represent a time cost to the store in inability to fulfil customers' requirements. Without load

consolidation, the truck travels continually between terminal and store, on each journey carrying whatever goods have arrived at the terminal (no matter how small the load) and travelling empty on the return to the terminal. Consolidation possibilities exist in holding the truck at the terminal until larger loads have been made up, enabling fewer journeys and higher average vehicle payload.

There are four main cost elements to the retail-to-store operation, as illustrated in Figure 7.1.

- (1) Linehaul and delivery cost. As the degree of consolidation (represented by average vehicle payload) increases, cost of linehaul and delivery per unit mass carried decreases.
- (2) Consolidation terminal costs. As the degree of consolidation increases so also do the costs of terminal operation and of driver standing by at the terminal.
- (3) Time cost. Consolidation results in fewer journeys and therefore, increases the average time between arrival of goods at the rail terminal and their delivery to the store. In this simplified example, time cost acts as proxy for what may be a range of transport quality costs resulting from consolidation. Another important quality cost may be the increased loss and damage due to greater handling of goods at the terminal.

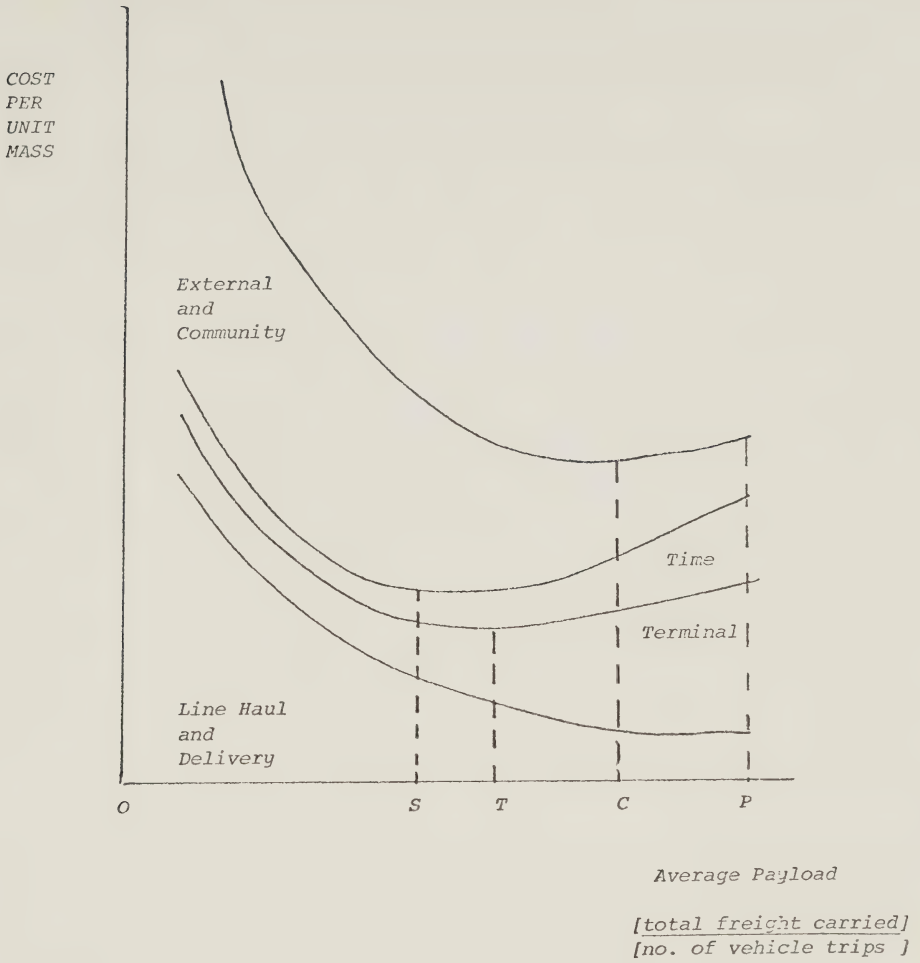


FIGURE 7.1 - FREIGHT CONSOLIDATION COSTS

- (4) Community and external costs. The higher the average vehicle payload and the fewer journeys made the lower will be the costs of wear and tear on the road and of externalities such as congestion and pollution.

The freight consolidation decision can be depicted as a "trade-off" between these four cost elements. If the truck owner is oriented towards minimization of his own costs, only the first two cost items are relevant to his decision as to the degree of consolidation he would prefer to undertake. From the point of view of the store, the entire transport operation cost is relevant. To minimize costs, the trucker would choose to operate the vehicle at an average payload to T in Figure 7.1, the store at S and the general community at C. As a revenue consideration - in order to meet the store's demand for a preferred quality (in this case, speed) of service - the trucker is likely to operate at S, at which total transport operation costs are minimized although his own vehicle and terminal costs are not. This can be called the financially optimal level of freight consolidation.

So there are three levels of "optimality" to the consolidation problem. The physically optimal level of consolidation, the highest average payload possible, is at P, where the average payload of the vehicle is equal to half the vehicle's load capacity, taking account of the empty return trip on each occasion. The financially optimal degree of consolidation is at S, where the transport operation costs are minimized. Without government influence this is the average payload at which the financially oriented firm could be expected to operate. Finally there is the economically optimal level of consolidation, C, at which all costs including community costs, are minimized.

In this example, Hicks has demonstrated the existence and significance of tradeoffs between various cost elements. He has also shown that different "actors" (the shipper, the carrier, the community) would try to operate in different ways. From a transportation planning viewpoint, the aim would be to try to encourage the operation of the system at point C, which is in the interests of the whole community, rather than at point S, which is the point at which it would probably otherwise tend to operate.

The question thus arises as to what policy options are open in order to encourage the operation of the system at C instead of S. To attempt through government regulation to encourage the firm to operate the truck at higher payloads appears to be impractical. Greater immediate potential would appear to lie in a somewhat different policy approach. Rather than attempt to move the firm from the financially to the economically optimal point, government may be able to assist the firm to move the cost curves in Figure 7.1 downwards, thus making the financially optimal level of consolidation less costly. Perhaps other nearby shops operate similar terminals, or are considering them, so that government can encourage cooperation between them to operate from the one terminal. This spreads fixed terminal costs across a greater freight volume, utilizes the vehicle more fully and speeds delivery time through lower waiting time at the terminal for sufficient goods to arrive. Alternatively, the cartage firm may be encouraged to find suitable backloads for the vehicle, or by some other means attempt to move points C and S closer together.

Thus, in essence, it is argued that in selecting solutions to freight problems, the policy which should be followed is firstly one of taking all costs into account, and

secondly to encourage the evolution of a system such that the private sector chooses to operate under conditions that are in both its own interest and in the interests of the community.

7-4 PRELIMINARY EVALUATION APPROACH

It is clear that, in practice, an approach such as that outlined above would be difficult to implement at this stage. The particular cost elements which should be included in any particular analysis may not always be easy to identify, and in most cases it would not be possible to quantify.

However, the basic approach of identifying and weighting the tradeoffs between cost elements is sound. Thus, while for practical reasons a formal analysis using a cost-effectiveness or cost benefit approach is not feasible, a less formal approach along similar lines is possible. Initially, the approach would have to be non-quantitative, and consist essentially of a "balance-sheet" showing the positive and negative effects of any particular proposal. This at least would assist in focussing attention upon those elements which are critical in a formal evaluation process.

Such a "balance-sheet" approach is capable of being refined and adapted into a more quantitative evaluation scheme as numerical data, analysis techniques and a greater system understanding develop over time.

Thus, in summary, the evaluation scheme essentially involves taking all costs and impacts into account, and identifying the tradeoffs between the various cost elements.

Initially, the evaluation scheme must be crude and simplistic, and involve little more than a "balance-sheet" showing the positive and negative aspects of a particular strategy. In time, more formal and numerical techniques could evolve.

The practical problems associated with the development of an evaluation scheme only serve to re-emphasize a central scheme of this whole Study Design - that the first priority for a transportation planning agency in urban freight analysis is the development of a much greater understanding of urban freight processes and problems.

555 Dixon Road
Rexdale, Ontario M9W 1H8
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APPENDIX - S

Mr. Brian B. Caldwell,
Research Director,
Select Committee on Highway
Transportation of Goods,
Room 440, Main Parliament Bldg.,
Queen's Park,
TORONTO, Ontario M7A 1A2

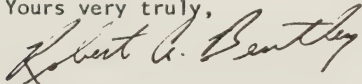
Dear Mr. Caldwell:

Re: Empty Miles Survey

As discussed by telephone with you yesterday, we enclose copies of a letter from R.K. House & Associates Ltd.

Please feel free to contact either Mr. Nix or the writer if further clarification is desired.

Yours very truly,



R.A. Bentley,
Director,
Economics and Finance

RAB:dk
Encl.

March 11, 1977

R. K. HOUSE & ASSOCIATES LTD. ECONOMIC CONSULTANTS

6271 DORMAN ROAD, SUITE 5

MISSISSAUGA, ONTARIO L4V 1H1

TELEPHONE: 416-677-7991

March 10, 1977

Mr. R. A. Bentley
Director, Economics and Finance
Ontario Trucking Association
555 Dixon Road
Rexdale, Ontario

Dear Mr. Bentley:

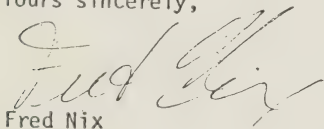
Upon rereading the report we submitted to you in February of this year, I note that there are a few points that should be clarified.

First, the average annual highway miles per power unit shown for large Class "A" carriers on Table 2 should be 99,863 and not the 135,285 indicated. This reduces the average for all Class "A" to 96,653 miles per year. The effect of this error in Section 3.4 of the report is to increase the estimated 22% by about two percent. In other words, our observation that for-hire carriers run about 22% of their total highway miles empty, should now read "about 24% empty"

Second, there may be some confusion on page 19 of the report where it reads "..... the figures shown on Table 3 for the total for-hire industry may understate the true significance of empty miles." What I am suggesting here is that the 17% shown on Table 3 may be too low; I am not suggesting that the 22% (now 24%) of Section 3.4 understates the significance of empty miles.

Finally, my last point concerns a subject that is mentioned in the report but that I do not believe is sufficiently emphasized. Specifically, a large number of empty miles are driven because of specialized equipment or some constraints that have nothing to do with the economic regulation of the industry. While it may be impossible to classify the empty miles shown in the report as either in or out of this category, this point should not be ignored. For example, as a very superficial estimate, it may be that well over half of total empty miles in Ontario are the result of specialized equipment. On Table 5, 54% of the reported empty miles are driven by Class "E", "F", "K", and "T" carriers. (This percentage would obviously be higher if it were possible to examine the specialized equipment of the remaining carriers - particularly the "D's", or even the "A's" and "C's" as the examples in the report show.)

Yours sincerely,



Fred Nix

FN:lm

555 Dixon Road
Rexdale, Ontario M9W 1H8
Telephone (416) 247-7131

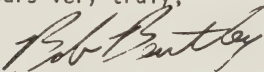
Mr. Brian B. Caldwell,
Research Director,
Select Committee on Highway
Transportation of Goods,
Room 440, Main Parliament Bldg.,
Queen's Park,
TORONTO, Ontario M7A 1A2

Dear Mr. Caldwell:

We submit for your interest our recently completed survey of empty and light miles.

Please bear in mind that the purpose of this survey was not to quantify the empty miles situation with statistical accuracy, but rather to highlight it in general terms that would provide the Committee with a better insight into this area.

Yours very truly,



R.A. Bentley,
Director,
Economics and Finance

RAB:dk
Encl.

February 17, 1977

ONTARIO TRUCKING INDUSTRY:
EMPTY AND LIGHT MILE SURVEY

R. K. House & Associates Ltd.

January, 1977

TABLE OF CONTENTS

CHAPTER 1	INTRODUCTION & SUMMARY	1
1.1	Summary of Findings	2
CHAPTER 2	STUDY METHODOLOGY	4
CHAPTER 3	GENERAL OVERVIEW AND SUMMARY OF RESULTS	6
3.1	Availability of Data	6
3.2	Summary of Basic Data	7
3.3	Empty and Light Miles	12
3.4	Weighting of Results	20
CHAPTER 4	RESULTS BY LICENCE TYPE	22
4.1	Class "A" Large	22
4.2	Class "A" Small	26
4.3	Class "A" Northern	26
4.4	Class "C"	28
4.5	Class "D" Fruit & Vegetables	29
4.6	Class "D" Lumber	30
4.7	Class "D" Foodstuffs	31
4.8	Class "D" Cement	32
4.9	Class "D" Steel	33
4.10	Class "D" Automobiles	34
4.11	Class "D" Freight	35
4.12	Class "D" Mobile Homes	35
4.13	Class "E"	36
4.14	Class "F" Brick	36
4.15	Class "F" Livestock	37
4.16	Class "H"	37
4.17	Class "K"	38
4.18	Class "T"	39
4.19	Private Carriage	40
APPENDIX A	SURVEY QUESTIONNAIRE	

This study on the importance of empty and "light"* miles has been conducted by R. K. House & Associates Ltd. on behalf of, and in association with, the Ontario Trucking Association.**

The need for the study became apparent during the hearings before the Ontario Select Committee on Highway Transportation of Goods. Little factual material, on an industry-wide basis, was available for the Committee's consideration. The present study was commissioned, a survey designed and conducted, and the results tabulated and examined all within eight weeks. These self-imposed time constraints have been necessary in order that the results may be of some use to the Committee prior to the writing of their final report.

At the outset, it is important to bear in mind the aim of this study: it is not the definitive word on empty and light miles. The authors are well aware that a properly conducted study would take over a year to perform and would involve more rigorous statistical procedures.

(The study methodology employed here is described below in Chapter 2.)

Nevertheless, this study is quite important in that it is a useful preliminary examination to any more comprehensive survey. The aim

* "Light" miles, in this report, are defined to be loads of less than 25% of a vehicle's weight or volume capacity.

** The staff of the OTA had the primary responsibility for communicating with industry members. R. K. House & Associates Ltd. supervised the conduct of the survey and had sole responsibility for tabulating the results.

of the study is to qualitatively analyse empty and light miles as they occur in the trucking industry.

1.1 Summary of Findings

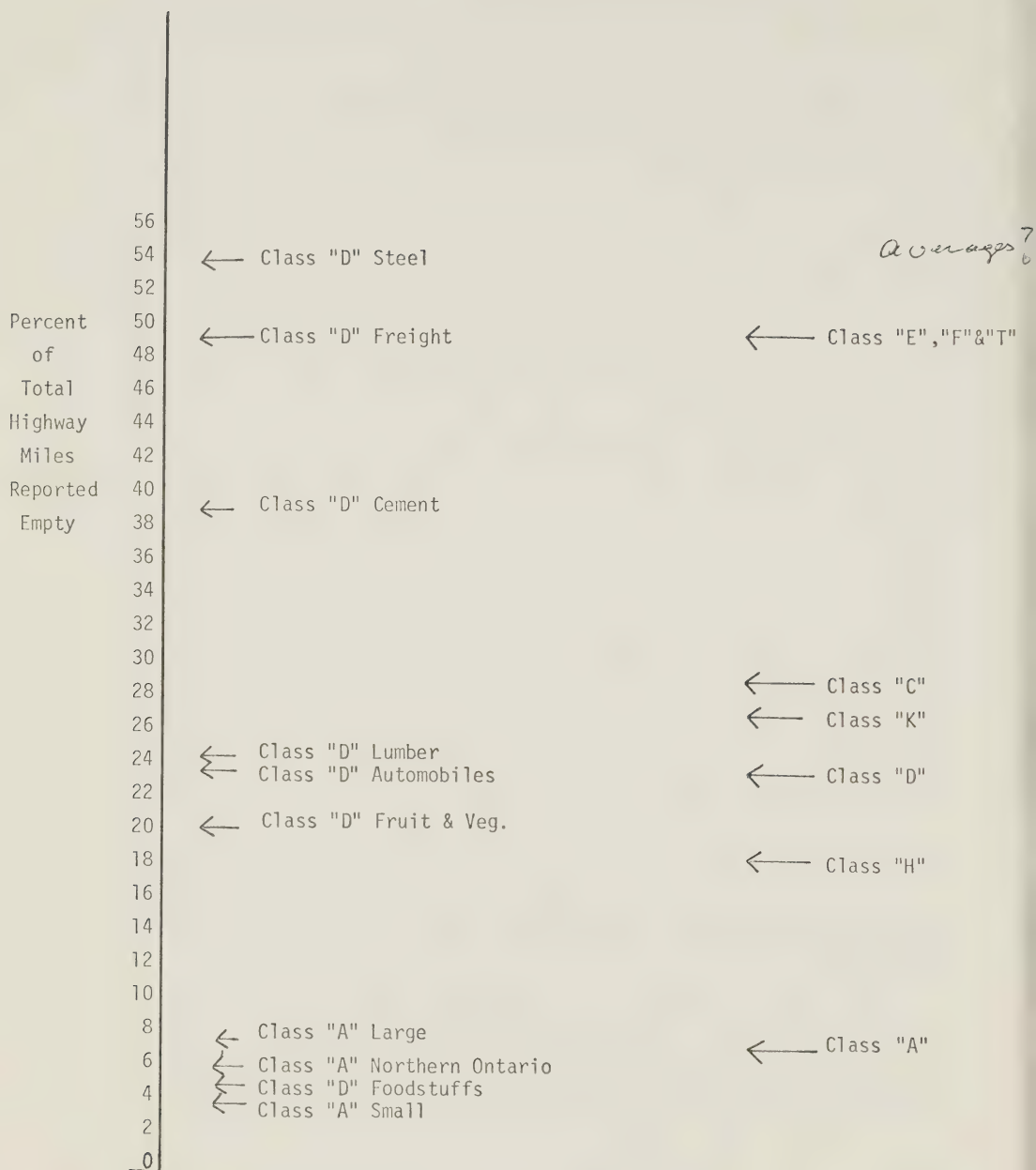
Figure 1 depicts the relative importance of empty miles for various types of for-hire carriers. In total, it is estimated that 22% of all miles driven by Ontario for-hire carriers are empty. (See Section 3.4). This varies from about 4% empty for the small Class "A" carriers to a high of 50% or more empty for Class "E", "F", "T", and some types of "D" carriers. Section 3.3 examines the responses and the information obtained in this study for each of the carrier types depicted on Figure 1. Chapter 4 develops this further by describing certain specific examples.

The carriers surveyed had more difficulty producing quantitative information on light miles (page 3 of Table 1 and Table 4). From the scanty information available, light miles do not appear to be a major problem for for-hire carriers; they total less than 5% of total miles for the firms participating in this survey.

The information from private carriers that was included in this study would seem to suggest that empty miles assume about the same importance for private as they do for for-hire truckers; light miles are much higher for private truckers (31% as compared to 5%). However, given the sample size, these two observations should be regarded with some caution.

FIGURE 1

EMPTY HIGHWAY MILES BY LICENCE CLASS



To gain some insight into the question of the importance of empty and light miles to the Ontario trucking industry, a structured sample of 70 OTA members was developed. This sample included for-hire carriers from all licence types and private carriers. In addition, Class "A" carriers were further subdivided into three categories:

- i) large - loosely defined as large general freight carriers that accumulated more than five million miles in a year and generally conducted inter-provincial (and, for some, international) operations.
- ii) small - general freight carriers accumulating less than five million miles annually and generally serving the smaller communities in Southern Ontario.
- iii) northern - general freight carriers, without regard to size, based in and serving northern Ontario.

Class "D" carriers were further subdivided into the following categories:

- i) fruit & vegetable
- ii) lumber
- iii) foodstuffs
- iv) mobile homes

- v) cement
- vi) steel
- vii) horses
- viii) automobiles
- ix) freight

Class "F" carriers were divided into two groups: bricks and live-stock.

* Some for-hire carriers are difficult to categorize as "A" or "C", etc. carriers (in many cases a carrier holds several licences), and to the extent this is true, the results shown in the next two chapters may be grouped somewhat arbitrarily. For two respondents to the survey, it was possible to split their operations between licences; however, for several "C" and "D" carriers this was impossible. In these latter cases, the respondent was grouped according to the firm's opinion as to its major source of revenue.

The survey questionnaire itself is contained in Appendix A to this report. Because this information has been solicited on a confidential basis, it is impossible to reveal the names of the 46 respondents. Also because of confidentiality, some of the examples provided by the respondents in Chapter 4 have been changed, (for example, town "X" is used in some cases in place of the name of a town or city.)

of 70

3.1 Availability of Data

The most available and reliable information on empty miles came from the large Class "A" carriers. Most of these firms keep very accurate empty mileage (or empty trip) information.

The smaller carriers do not keep quite as detailed records; however, many of them were able to determine their total and their empty miles for a twelve month period.

Information on light miles; however, was not generally available; nor was it possible, without a great deal of work, to go back through existing records to reconstruct the number of light miles. A total of 46 carriers were able to provide some information for this study. Of these, 39 could be described as having "hard" data, and these 39 carriers are included in the tables of this study. (The seven carriers unable to provide data did provide examples of empty and/or light miles, and these have been used in Chapter 4.) Only 16 carriers were able to provide data on light miles, and, of these 16, four were included only because their particular operations never incurred any light miles.

3.2 Summary of Basic Data

Table 1 lists the basic information from the 39 respondents that were able to provide information accurate enough to be used. The following is a summary of the main points of this table.

- i) information on a total of 2,475 commercial power units (2,307 of which were for-hire) was obtained for a twelve month period;
- ii) these vehicles travelled a total of 193.7 million miles (182.9 million were for-hire);
- iii) including the 28.3 million piggyback miles (all Class "A" and "C" for-hire), the 39 respondents accounted for 222.0 million miles in 1976;*
- iv) a total of 32.8 million empty highway miles (30.2 million were for-hire) were reported by the 38 respondents capable of reporting on empty miles; and
- v) for those 16 carriers capable of reporting on light miles, a total of 3.6 million (only 1.6 were for-hire) such miles were reported.

The information on Table 2, which shows the average annual highway mileage for highway units, is derived from Table 1. This information is used in Section 3.4 to weight the overall findings of this study.

* The information is not quite for calendar year 1976 as some respondents had to go back a few months to obtain the information.

TABLE 1
SUMMARY OF BASIC DATA

1	2	3	4	5
CARRIER TYPE	TOTAL INTER-CITY HIGHWAY MILES ('000)	TOTAL PIGGYBACK MILES ('000)	TOTAL MILES ('000)	AVERAGE NO. OF HIGHWAY POWER UNITS
Class A - lrg.	78,792.3	27,947.3	106,739.5	789
Class A - sml.	1,693.8	0.0	1,693.8	51
Class A - nrth.	10,174.0	0.0	10,174.0	98
Class A - TOTAL	90,660.1	27,947.3	118,607.4	938
Class C	51,319.9	311.6	51,631.5	595
Class D-fr&veg.	3,547.1	0.0	3,547.1	50
Class D-lumber	943.7	0.0	943.7	12
Class D-foodst.	8,273.8	0.0	8,273.8	172
Class D-cement	6,800.0	0.0	6,800.0	150
Class D-steel	1,609.4	0.0	1,609.4	41
Class D-auto.	10,403.1	0.0	10,403.1	175
Class D-freight	185.6	0.0	185.6	6
Class D-TOTAL	31,762.7	0.0	31,762.7	606
Class E	265.7	0.0	265.7	8
Class F-brick	440.0	0.0	440.0	9
Class F-lvstck.	1,218.0	0.0	1,218.0	16
Class F-TOTAL	1,658.0	0.0	1,658.0	25
Class H	952.0	0.0	952.0	20
Class K	3,063.9	0.0	3,063.9	50
Class T	3,250.0	0.0	3,250.0	65
TOTAL FOR-HIRE	182,932.4	28,258.9	211,191.3	2,307
Private	10,790.9	0.0	10,790.9	168
GRAND TOTAL	193,723.3	28,258.9	221,982.1	2,475

TABLE 1 (page 2)

SUMMARY OF BASIC DATA

1	6	7	8	9
CARRIER TYPE	EMPTY INTER-CITY HIGHWAY MILES ('000)	EMPTY PIGGYBACK MILES ('000)	TOTAL EMPTY MILES ('000)	BOBTAINED MILES (included in columns 6 & 8) ('000)
Class A - lrg.	6,244.4	688.2	6,436.7	206.2
Class A - sml.	60.0	0.0	60.0	2.0
Class A - nrth.	630.4	0.0	630.4	3.1
Class A - TOTAL	6,984.9	688.2	7,177.1	211.3
Class C	12,527.9	169.0	12,696.9	11.0
Class D-fr&veg.	737.4	0.0	737.4	-
Class D-lumber	235.0	0.0	235.0	-
Class D-foodst.	441.5	0.0	441.5	0.0
Class D-cement	2,700.0	0.0	2,700.0	-
Class D-steel	876.9	0.0	876.9	0.0
Class D-auto.	2,501.6	0.0	2,501.6	0.0
Class D-freight	92.8	0.0	92.8	-
Class D-TOTAL	7,585.2	0.0	7,585.2	0.0
Class E	132.9	0.0	132.9	0.0
Class F-brick	220.0	0.0	220.0	0.0
Class F-lvstck.	80.0	0.0	80.0	0.0
Class F-TOTAL	300.0	0.0	300.0	0.0
Class H	178.3	0.0	178.3	0.0
Class K	847.6	0.0	847.6	0.0
Class T	1,625.0	0.0	1,625.0	-
TOTAL FOR-HIRE	30,181.6	857.2	30,542.8	222.3
Private	2,633.4	0.0	2,633.4	- -
GRAND TOTAL	32,815.0	857.2	33,176.2	- -

TABLE 1 (page 3)
SUMMARY OF BASIC DATA

1	10	11	12
CARRIER TYPE	"LIGHT" INTER-CITY HIGHWAY MILES ('000)	"LIGHT" PIGGYBACK MILES ('000)	TOTAL "LIGHT" MILES ('000)
Class A - lrg.	480.0	61.7	541.6
Class A - sml.	203.4	0.0	203.4
Class A - nrth.	684.6	0.0	684.6
Class A - TOTAL	1,368.0	61.7	1,429.7
Class C	2.0	0.0	2.0
Class D-fr&veg.	-	-	-
Class D-lumber	-	-	-
Class D-foodst.	-	-	-
Class D-cement	-	-	-
Class D-steel	-	-	-
Class D-auto.	-	-	-
Class D-freight	-	-	-
Class D-TOTAL	-	-	-
Class E	-	-	-
Class F-brick	-	-	-
Class F-lystck.	-	-	-
Class F-TOTAL	-	-	-
Class H	110.3	0.0	110.3
Class K	125.0	0.0	125.0
Class T	-	-	-
TOTAL FOR-HIRE	1,605.3	61.7	1,667.0
Private	1,960.7	0.0	1,960.7
GRAND TOTAL	3,566.0	61.7	3,627.7

TABLE 2
AVERAGE ANNUAL MILEAGE, HIGHWAY POWER UNITS

1	2
CARRIER TYPE	AVERAGE ANNUAL MILEAGE, HIGHWAY POWER UNITS
Class A - lrg.	135,285
Class A - sml.	33,212
Class A - nrth.	103,817
Class A - TOTAL	126,447
Class C	86,252
Class D-fr&veg.	70,942
Class D-lumber	78,642
Class D-foodst.	48,103
Class D-cement	45,333
Class D-steel	39,254
Class D-auto.	59,446
Class D-freight	30,940
Class D-TOTAL	52,414
Class E	33,214
Class F-brick	48,889
Class F-lvstck.	76,125
Class F-TOTAL	66,320
Class H	47,600
Class K	61,279
Class T	50,000
TOTAL FOR-HIRE	79,294
Private	64,231
GRAND TOTAL	78,272

3.3 Empty & Light Miles

Tables 3 and 4 show, for those respondents with the information, empty and light miles as a percent of total miles. (Figure 1 in the first Chapter shows some of the figures from Table 3 in a simplified form.)

The general observations that may be made are:*

- i) As a group, the Class "A" carriers incur the least number of empty highway miles (7.73%). Since Class "A" carriers accounted for the largest number of respondents (representing over 90 million miles) and, since these carriers maintained the most accurate records, it may be presumed that this is a fairly accurate assessment of the operational characteristics of Class "A" carriers.
- ii) Comparisons among different types of carriers with respect to light miles are difficult to make because of the absence of data. However, with the information that is available, light miles do not seem to be a major factor in Class "A"

* At the risk of being repetitive, these general observations and the figures on which they are based are true for the sample of trucking firms under review. They have less validity for the entire universe of trucking operations in Ontario. For example, within some of the Class "D" categories, only one carrier is represented by the figures shown on Table 3. Rather than regarding the particular percentage shown as the definitive word on the subject, it is safer to treat the figures as a possible indication of the ranking of these carriers in relation to other types.

TABLE 3
EMPTY MILES

1	2	3	4
CARRIER TYPE	HIGHWAY EMPTY MILES * (%)	PIGGYBACK EMPTY MILES ** (%)	TOTAL EMPTY MILES (%)
Class A - lrg.	7.93	2.59	6.56
Class A - sml.	4.14	0.00	4.14
Class A - nrth.	6.69	0.00	6.69
Class A - TOTAL	7.73	2.59	6.54
Class C	29.20	54.22	29.59
Class D - fr.&veg.	20.79	0.00	20.79
Class D - lumber	24.90	0.00	24.90
Class D - foodst.	5.34	0.00	5.34
Class D - cement	39.71	0.00	39.71
Class D - steel	54.48	0.00	54.48
Class D - auto.	24.05	0.00	24.05
Class D - freight	50.00	0.00	50.00
Class D - TOTAL	23.88	0.00	23.88
Class E	50.00	0.00	50.00
Class F - brick	50.00	0.00	50.00
Class F - lvstck.	50.00	0.00	50.00
Class F - TOTAL	50.00	0.00	50.00
Class H	18.72	0.00	18.72
Class K	27.66	0.00	27.66
Class T	50.00	0.00	50.00
TOTAL FOR-HIRE	17.42	3.19	15.84
Private	24.40	0.00	24.40
GRAND TOTAL	17.83	3.19	16.30

* The percentages in this column are derived by dividing empty inter-city highway miles by total highway miles. Since some carriers did not provide information on empty inter-city miles, it is not always possible to derive the figures shown above from the data given in Table 1.

** Empty piggyback miles as a percent of total piggyback miles for carriers who provided both pieces of information.

TABLE 4
"LIGHT" MILES

1	2	3	4
CARRIER TYPE	HIGHWAY "LIGHT" MILES* (%)	PIGGYBACK "LIGHT" MILES* (%)	TOTAL "LIGHT MILES" (%)
Class A - lrg.	2.81	0.64	2.02
Class A - sml.	12.01	0.00	12.01
Class A - nrth.	6.73	0.00	6.73
Class A - TOTAL	4.73	0.64	3.70
Class C	0.06	0.00	0.06
Class D - fr.&veg	-	-	-
Class D - lumber	-	-	-
Class D - foodst.	-	-	-
Class D - cement	-	-	-
Class D - steel	-	-	-
Class D - auto.	-	-	-
Class D - freight	-	-	-
Class D - TOTAL	-	-	-
Class E	-	-	-
Class F - brick	-	-	-
Class F - lvstck.	-	-	-
Class F - TOTAL	-	-	-
Class H	11.59	0.00	11.59
Class K	17.86	0.00	17.86
Class T	-	-	-
TOTAL FOR-HIRE	4.73	0.64	3.82
Private	31.17	0.00	31.17
GRAND TOTAL	8.86	0.64	7.27

* See footnotes on Table 3

operations (averaging only 4.73% of total highway miles). However, when Class "A" carriers are separated into three groups (large, small, and northern), light miles do assume a larger role in the operations of the small Class "A" (12.01%) and northern Class "A" (6.73%) than they do in the operations of the large Class "A" carriers (2.81%).

- iii) As for the reasons given by Class "A" carriers (in Chapter 4, below) for the occurrence of empty and light miles, no good examples were obtained from the small Class "A", carriers and it is thought that the examples given by the northern Class "A" carriers simply add to the previously documented (in submissions to the Committee) difficulties of northern operations. The large Class "A" carriers provide some examples that may throw more insight into the problem of empty and light miles. Because this survey is "non-scientific", the following observations should be treated as "impressions" rather than definitive conclusions.
- iv) First, some of the large Class "A" carriers give the impression that empty and light miles are less of a problem in the Toronto - to - western Ontario corridor than elsewhere. The reasons offered for the empty and light miles that do occur in this area include a) the situation where some communities lying off the main

routes have some imbalances in inbound and outbound freight, and b) the particular situation in the Sarnia area. (This situation, according to some respondents, arises for two reasons: first, raw materials tend to move into Sarnia by pipeline or rail and manufactured goods tend to move out by truck, thereby creating more eastbound truck traffic than westbound - inbound Sarnia; and second, a natural imbalance of international truck traffic already exists which further aggravates the greater flow of eastbound traffic.)

v) There seems to be some consensus among large Class "A" carriers that eastern Ontario (Toronto - to - as far east as Quebec City) is more troublesome than western Ontario in terms of empty and light miles. Several carriers mention the natural imbalance of general freight truck traffic out of Quebec (that is, more traffic moving into Quebec from Ontario than the reverse). Also, as in western Ontario, the problems of small centres off main routes is mentioned as a contributing factor; and, something that is not mentioned in western Ontario but certainly is important in the north, is the situation where loaded trailers moving into the area are unloaded and then have to move empty to some other location to pick up some semi-manufactured product.

vi) Most of the large Class "A" carriers refer (Chapter 4) to the imbalance of truck traffic between the U.S. and Canada as a contributing factor to empty miles occurring between southern Ontario points and the border.

vii) If it is possible to develop a consensus opinion from the Class "C" carriers participating in this survey, it would be this: the nature of a Class "C" authority leads to the occurrence of a high number of empty miles (the group averaged 29.20% - although two of the "C" carriers reported 50.0%), and the occurrence of practically no light miles (the group averaged 0.06%).

viii) "D" Carriers, as a group, averaged 23.88% empty miles and had no information on light miles. Since in most of the sub-categories of different types of "D" carriers there was only one (and occasionally two) respondents, it is difficult to draw any conclusions or make any generalizations here that add to the figures in Tables 3 and 4 or the examples given in Chapter 4.

It is possible that Class "D" fruit & vegetable carriers run more than the reported 20.79% miles empty; in fact, there is some indication that empty miles may be as high as 50% for these carriers. (The respondent in this survey, however, hauls much more than just fruit and vegetables.)

The examples of empty miles given by Class "D" carriers mention the difficulty of finding return loads either because of specialized equipment (for example, cement, foodstuffs and automobile haulers); licence restrictions

(particularly true for steel haulers); particular operations for some customers (for example, hauling hides for a large packer on a 40 mile run); and, simply the lack of return loads in regions where traffic imbalances already exist.

- ix) The Class "E" (milk and cream), "F" (in this survey, livestock and brick), and "T" (tank) carriers unani-
mously reported 50.0% of their miles driven empty.
As the examples in Chapter 4 show, this would seem to
be attributable to the specialized nature of their
equipment and operations.
- x) Class "H" carriers report 18.72% of their miles as
empty and 11.59% of their miles as light. These figures,
however, are based on the performance of inter-provincial
vehicles. There is conflicting evidence (not on the
Tables) as to whether or not purely provincial vehicles
perform any better or any worse than inter-provincial
vehicles.
- xi) Class "K" carriers, averaging 27.66% empty and 17.86%
light miles, operate such specialized and irregular
services that the occurrence of empty or light miles
is largely dependent on the inability to find return
loads of heavy machinery or equipment.

- xii) There are many types of private carriers, and it is not known whether or not the few that were included in this survey are typical enough to allow any conclusions to be drawn from the figures shown on Tables 3 and 4. There might be some reasons for supposing that private carriers incur more empty return trips than for-hire. The figures shown on Table 3 would tend to support this supposition (private carriers averaged 24.40% empty miles versus for-hire's 17.42%). However, as shown in the next section, the figures shown on Table 3 for the total for-hire industry may understate the true significance of empty miles. The results of this study are not accurate enough to decide this issue one way or the other.
- xiii) There is, however, some indication that light miles are more significant for private carriers than they are for for-hire carriers. But again, because of the small sample of private carriers included in this survey, it is prudent to regard even this observation with some caution. (The private carriers included here have a high proportion of peddle or distribution runs in their operations and this may overstate the importance of light miles for the total universe of all private carriers.)

3.4 Weighting of Results

To the extent that the average empty miles reported on Table 3 are statistically valid, it is possible to derive a rough estimate of the total importance of empty miles for most of the for-hire vehicles in Ontario. The following table shows (in column 2) the number of power units registered by licence class in Ontario in 1976 (as reported in Appendix 1 of the OTA's submission to the Select Committee).* Column 3 is simply the number of power units times the average annual mileage shown in Table 2; and column 4 has been derived by multiplying the mileages shown in column 3 of Table 5 by the appropriate percentages from Table 3.

This weighting of the results by the number of registered vehicles indicates that of a total of 3.4 billion miles driven by Ontario registered for-hire vehicles in 1976, 746 million miles or 22% were driven empty. (The significance of this weighting is in the 22% and not in the estimated total of 3.4 billion or 746 million miles.)

* Class "FS", "X", and "FF" omitted.

TABLE 5
FOR-HIRE EMPTY MILES IN ONTARIO

1 LICENCE CLASS	2 POWER UNITS 1976	3 TOTAL ANNUAL MILEAGE ('000)	4 TOTAL EMPTY MILES ('000)	
"A"	13,544	1,712,598	132,384	
"C"	4,061	350,269	102,279	
"D"	8,770	459,671	109,769	
"E"	698	23,183	11,592	
"F"	10,340	685,749	342,875	
"H"	1,618	77,017	14,418	
"K"	489	29,965	8,288	
"T"	981	49,050	24,525	
TOTAL	40,501	3,387,502	746,130	(22.03%)

This Chapter records the responses to Section C of the questionnaire. Because of the cryptic nature of the responses (the use of colloquialisms, abbreviations, etc.), some major rewriting has been necessary. Further, to preserve the identity of the respondents, some names of places have been changed to "city in northern Ontario", "X", etc., and some tonnage figures have been changed to percentages.

In Section 4.1 below, the examples given by the large Class "A" carriers have been grouped as much as possible, into regions.

4.1 Class "A" - Large

Percent Empty Highway Miles	7.93%
Percent Empty Piggyback Miles	2.59%
Percent Light Highway Miles	2.81%
Percent Light Piggyback Miles	0.64%

● WESTERN ONTARIO (Toronto to and from Western Ontario)

- example #1"Empty highway miles are 8.1% of total."
- example #2"Light highway miles are 1.6% of total."

example #3 "Western Ontario town ("X") to and from another town ("Y").

" "X" being a small community, most LTL inbound from all other points is combined at "Y"

"We build an average of 22 full LTL loads from "Y" to "X" each month.

" "X" 's outbound traffic is also very light which must be broken and distributed from . (An average of 18 "light" loads & 6 empties per month)

"This accounts for the "X" to "Y" lane to average 37,440 "light" & empty miles per year."

example #4 "Out of a total of 7,015 trips from Windsor to Toronto, 20 were empty; and, in the opposite direction, 35 out of the 7,015 trips were empty."

example #5 "Out of a total of 1,988 trips from Sarnia to Toronto, there were no empty movements. In the opposite direction, however, there were 557 (28%) empty trips. The reasons for this imbalance are: (i) raw materials move into Sarnia by pipeline and rail and the finished product moves out by truck; and, (ii) an imbalance in U.S. to Ontario traffic further aggravates the existing situation."

● EASTERN ONTARIO (Toronto to and from points in eastern Ontario, and as far as Quebec City)

example #6 "Empty highway miles are 10.7% of total."

example #7 "Light highway miles are 3.4% of total."

example #8 "Eastern Ontario town ("X") to and from Ottawa:
"Loads into "X" are mainly General Merchandise from Toronto. (Average 43 loads per month)
"Loads out of "X" are mainly Matches & Steel cabinets to Montreal. (Average 15 loads per month)

"X" has very little LTL to any one Ontario terminal, therefore we operate a wayfreight run for Eastern Ontario points which consolidate at Ottawa. (average 22 "light" loads per month)

"Ottawa requires a large number of trailers for TL's of paper to the U.S. per month. "X" runs an average 8 empties per month to Ottawa to help meet this requirement.

"This accounts for the "X" to Ottawa lane to average 37,440 "light" & empty miles per year and the Ottawa to "X" lane to average 27,456 "light" miles per year."

example # 9

"Quebec to Ontario - General Commodities

"Due to the nature of the two provinces, i.e. more industry in Ontario than Quebec. Ontario moves more full trailers to Quebec than Quebec moves to Ontario. Approximately 102 trailers out of 1,000 that move to Quebec from Ontario every month must return empty to maintain the trailer balance."

example #10

"Ontario - Quebec

"Due to a six month strike at [large industry], Quebec steel had to be transported from Hamilton, Ontario to the Montreal, Quebec area. Special types of equipment for steel was needed in Hamilton, Ontario and had to be moved empty from Montreal to Hamilton, Ontario. Approximately 740 empty trailers moved from Quebec to Ontario during the six month strike."

example #11

"Empty miles from Montreal to Toronto run at approximately 9,000 miles per month. In 1976 we moved 77,000 tons into Montreal and only brought 65,000 tons out.

● NORTHERN ONTARIO (Toronto to and from points north of Huntsville)

example #12

"Empty highway miles are 12.1% of total."

example #13

"Light highway miles are 12.3% of total."

example #14 "Two Northern Ontario towns ("X" and "Y") to and from Toronto:

"Toronto averages 24 full loads of LTL into "X" per month and 35 into "Y". The backhaul is very light on LTL traffic from each of these points. We therefore run pup trains daily on these lanes, "X" to "Y", combine with "Y" 's pup train then continue to Toronto.

" "Y" also averages 24 TL's from [large industry] to Montreal per month, thereby requiring empty moves from "X" to "Y"

"This account for the "X" to "Y" lane to average 55,500 "light" & empty miles per year and the "Y" to Toronto lane to average 63,756 "light" miles per year."

example #15 "Empty miles from the Prairie Provinces to Toronto run at approximately 21,000 miles per month. In 1976 we shipped 60,000 tons into the Prairies and only 48,000 tons out."

● ONTARIO - U. S. A.

example #16 "Ontario and Quebec to U.S.A.

"Due to the fact that Canada is an importing nation. This naturally lends itself to an imbalance situation, load for load cannot be matched therefore empties must be sent back to U.S.A. to balance equipment.

"Approximately 80 percent of the total number of trailers that move from Ontario and Quebec to Buffalo, U.S.A. are empty for maintaining the service."

example #17 "Out of a total of 5,317 trips from Buffalo to Toronto, there were no empty movements. In the opposite direction however, fully 2,232 or 42% of the trips from Toronto to Buffalo were empty."

example #18 "Empty miles from Ontario terminals to Queenston-Lewiston run at approximately 20,000 miles per month and are caused by the excess of freight from Buffalo to Canada.

Buffalo - 1976 tonnage
To Canada - 102,800
From Canada- 36,300

example #19

"In 1976 we incurred 350,000 empty miles running from Ontario to the Buffalo gateway. With the volumes involved in automotive manufacturing and the demands that are placed on a carrier handling this type of account, empty return trips become a part of our routine daily operation."

example #20

"In 1976 we incurred 200,000 empty miles running from Ontario to the Detroit/Windsor Gates. [Automotive account is offered as part of the reason.]

4.2 Class "A" - Small

Percent Empty Highway Miles	4.14%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	12.01%
Percent Light Piggyback Miles	0.00%

No examples.

4.3 Class "A" - Northern

Percent Empty Highway Miles	6.69%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	6.73%
Percent Light Piggyback Miles	0.00%

example #21

"Destination Points for Northbound Hauls Differ From Origin Point for Southbound Hauls:

"We have freight terminals in Toronto and five northern Ontario communities. We are transporting general merchandise freight on a daily overnight basis from Toronto to all of these points as a northbound head haul. In [certain areas of the north] there is a shortage of southbound haul for our company. Rather than returning empty from these terminals to Toronto we have available to us haulage from [certain other areas in the north]. On a regular basis, trailers run empty [between these two areas] in order to pick up loads destined southbound to Toronto."

example #22

"Destination Points for Northbound Hauls Differ From Origin Point for Southbound Hauls: This summer and fall we ran approximately one trip per day from Toronto to "X" with four-axle flat deck trailers hauling maximum pay loads of pre-cast concrete and gypsum board. In the immediate "X" area there is a shortage of southbound haul with this type of equipment, therefore we travelled empty from "X" to Hearst and Cochrane in order to pick up loads of lumber consigned to southern Ontario points. There has been a demand for trucks to transport lumber southbound from Hearst and Cochrane and the four-axle flat deck trailer is ideally suited for this haulage. Also on this lumber haulage, contributing to a few more empty miles is the fact that this lumber is consigned approximately 20% to Toronto and 80% to other southern Ontario points. There would be some empty miles running from the destination point of the lumber in southern Ontario back to Toronto, to reload for a northbound haul."

example #23

"customers shipping freezable freight in the winter months require heated vans on northbound loads from Toronto to [northern Ontario points]. At the same time there is usually a slow down on commodities moving southbound which can be transported in vans. This may necessitate trailers running empty from [the north] back to Toronto."

example #24

"the largest portion of our freight is transported on flat deck trailers with racks and tarps. On commodities such as lumber and sometimes steel which require trailers with no racks or tarps, the storage of the same can be a problem and in some instances where the load requires the full 45 foot of deck room, we are faced with having to leave our racks with the northern shipper or return southbound empty and in some cases this does happen."

- example #25

"again with our flat deck equipment, we can get the reverse situation, where the northbound load from Toronto is on a flat deck trailer and the return haul may require tarp and racks. Our dispatchers spend many extra hours trying to hand pick the return haul so as to avoid this situation, but it is not always possible."
- example #26

"Steel moving into the Thunder Bay area out of Sault Ste. Marie requires that we run back empty occasionally should there be no lumber for a backhaul to the Sault Ste. Marie area from Marathon and Terrace Bay.

Mileage

Steel to Thunder Bay

460 miles

Thunder Bay to Marathon

185 miles

Thunder Bay to Terrace Bay

220 miles"

4.4 Class "C"

Percent Empty Highway Miles	29.20%
Percent Empty Piggyback Miles	54.22%
Percent Light Highway Miles	0.06%
Percent Light Piggyback Miles	0.00%

- example #27

"The nature of the Class "C" operation, certainly in our case, is such as to provide frequent demands for multiple loads of material to be moved in a short period of time...e.g. our company may be asked to move eight or ten loads of liquor from Toronto to Ottawa, to arrive the following day on a scheduled basis. It is almost impossible to obtain, on short notice, any, let alone eight or ten, loads in return movement to Toronto because the volume of outbound truckload traffic from Ottawa to Toronto is very limited, and ordinarily moved by Ottawa based carriers.

"The same situation prevails on large, multiple loads of import traffic destined to an inland point where there is little traffic available for return movement."

4.5 Class "D" Fruit & Vegetable

Percent Empty Highway Miles	20.79%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	-
Percent Light Piggyback Miles	-

example #28

"Border operation is hauling American trailers from the gateway at Niagara Falls to various customers in the Toronto area. Goods originate in American cities - ex. Florida, California, Louisiana, etc. Americans haul to the border at Niagara Falls and drop their trailers, we, in turn, hook on to it with our tractor and haul to the customer in Toronto. When this trailer is empty our tractor must haul the empty trailer back to the border where the American is waiting for his trailer. The empty mileage from Toronto to the bridge is approx. 80 miles. We haul as many as 400 of these loads per month. This could mean as many as 32,000 miles empty in this operation per [month].

"This is a 12 month operation!"

example #29

"On any given day a customer from Toronto area will call our firm with a pick-up for the following day. We dispatch a tractor-trailer from our terminal empty, 70 miles. Our unit picks up the load and delivers to Chicago, Illinois. When our driver calls in to dispatch and we have a load to pick up in St. Paul, Minnesota, because there is no return load on that day from Chicago, our driver must deadhead from Chicago, Illinois to St. Paul, Minn.; a mileage of approx. 380 miles empty. Being an irregular route carrier; traffic from any given city is not available on a regular basis. This example can happen as many as 10 to 15 times per week; making our deadhead miles extremely high in this traffic lane. We work a great deal on this lane to cut down empty miles. The commodities in this traffic lane are very perishable and therefore must be moved immediately. This operation is rapidly becoming a 12 month operation."

example #30

"We have been dealing with one shipper in Ohio who requires trucks on a 24 hour notice basis. This shipper calls on Monday morning for 2 trucks on Tuesday morning, to load for Toronto area or Kitchener area. We dispatch 2 tractors and trailers from our terminal in [southern Ontario town] to deadhead to "X", Ohio. The empty mileage in this case is approximately 465 miles. Outbound freight or movements to the Ohio area are not very frequent and therefore to accomodate this traffic lane we run empty almost 100% of the time. This operation is seasonable at present, and we supply approx. 5 to 10 trucks per week for approx. 6 to 8 months of the year."

4.6 Class "D" Lumber

Percent Empty Highway Miles	24.90%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	-
Percent Light Piggyback Miles	-

example #31

"Our licence is restricted to exempt commodities and also restricted to specific routes. Difficult to locate return loads.

- (i) Unloaded in Toronto, Ontario area - no exempt loads for return haul - return empty distance of 235 miles.
- (ii) Unloaded in small Northern Ontario community - no loads available for return haul in area - sometimes travel up to 200 miles empty.
- (iii) Unload in Toronto area - pickup required in "X", Ontario - restriction in licence allows no movement of material to this point - distance of 275 empty miles."

4.7 Class "D" Foodstuffs

Percent Empty Highway Miles	5.34%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	-
Percent Light Piggyback Miles	-

example #32

[Respondent provided details of his Toronto (and vicinity) to Ottawa operations. Basically, these consist of three to four truck load shipments per week into Ottawa with only one load per month out. However, once a week, a load can be picked up 160 miles out of Ottawa to make at least a part of the return trip loaded.]

" - We have had numerous sales people solicit the area for return loads with very little success. Being in the specialized refrigerated field we find most potential customers have their own vehicles or a well established carrier."

example #33

[Respondent provided details of his southern Ontario to northern Ontario operations. Five loads per week, on average, move northbound. A small portion of the return trip is covered by operating a peddle run to northern Ontario stores; however, the majority of the return miles are empty.]

[Respondent then details another southern Ontario to northern Ontario operation where all return trips are empty.]

" - Being a specialized field, we have yet to find any return loads;

" - The only one who does ship refrigerated products to Toronto is [a dairy in the north]. We have approached them several times but with no luck. They have informed us that they can do their shipping cheaper with their own trucks."

example #34 "All trucks leave Toronto loaded for the greater part with Groceries, Fresh Produce, Dairy Products or Frozen Food for food chain stores to all areas of Ontario daily, except Sunday. Our trailer equipment is 97% Vans, 40% of which are mechanically temperature controlled."

[Respondent concludes by pointing to the difficulties of finding suitable return loads.]

4.8 Class "D" Cement

Percent Empty Highway Miles	39.71%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	
Percent Light Piggyback Miles	

example #35 "We distribute bulk cement in pneumatic dry bulk tankers for "Z" Co. from "X" to points in northern Ontario on Highway 17. We operate five of these bulk tankers. There is no back-haul for this specialized equipment. We have looked into the possibility of wood-chips from the "Y" area, but we have found, after extensive research that this is not possible. In order to operate as efficiently as possible we are, this winter, changing over from three-axle to four-axle bulk tankers which will have a pay load of 43 tons."

4.9 Class "D" Steel

Percent Empty Highway Miles	54.48%
Percent Empty Piggyback Miles	0.00%

Percent Light Highway Miles -
Percent Light Piggyback Miles -

example #36 [Respondent gave very detailed example of steel movements from Hamilton to eastern Ontario towns. At that point, 50% of units returned empty. The remaining 50% travelled empty 75 to 150 miles to obtain loads of lumber.]

"Steel loads to "X" and "Y" could be tripled but due to the imbalance of freight we hesitate to move all the freight available."

[Respondent calculated that this particular part of his operation incurred 27,144 empty miles in the last year for a total waste of 6,786 gallons of fuel and 600 hours of labour.]

example #37 [Respondent gave detailed example of steel movements from Hamilton to western Ontario town. Total empty miles on the return trip amounted to 494,000, and, by the respondent's calculations, a waste of 123,500 gallons of fuel and 10,950 labour hours.]

example #38 "Due to our type of authority, we are restricted from hauling steel - we are primarily steel haulers - under forty feet unless a mixed load where part or all of the load is forty feet or over. There are points where steel under forty feet long is available for our return trip but this material is unavailable to us, particularly on our "D" in Ontario, consequently 95% of our return trips within Ontario are empty.

"Our "X" into Quebec, permits us to haul loads out of Montreal, therefore approximately 50% of our return trips from that area are loaded (with long steel only).

"Although we have authority from Buffalo over the Niagara Gateway for steel, into Canada - we do not have the reciprocal authority to take steel from points in Ontario and Quebec, into Buffalo, for furtherance to points in the States. In this case, all our trips into the Buffalo area are with empty equipment - 100%.

"I may add that our equipment is "open top trailers", available and acceptable to all steel shippers, but because of our forty feet restriction, we are not permitted to offer it to all steel shippers.

"We have just recently (Jan. 4 - 7th, 1977) been through a hearing with the Ontario Transport Board to correct this type of authority, for very many obvious reasons, but were opposed by numerous carriers, which leaves us in grave doubts as to its outcome.

"It is a problem with us that must be corrected, as soon as possible, by some means or other."

4.10 Class "D" Automobiles

Percent Empty Highway Miles 24.05%

Percent Empty Piggyback Miles 0.00%

Percent Light Highway Miles

Percent Light Piggyback Miles

example #39

"We mainly receive product at Detroit, Windsor, St. Thomas, Lewiston, Oakville, Brampton, Toronto, Oshawa, Montreal and Ste. Therese.

"Any equipment loaded to points other than the above would normally result in empty return or furtherance to a required loading point. Only on a very small percentage of trips into other areas is a used or damaged vehicle available as return freight."

4.11 Class "D" Freight

Percent Empty Highway Miles	50.00% (1)
Percent Empty Piggyback Miles	0.00% (1)
Percent Light Highway Miles	
Percent Light Piggyback Miles	

example #40 "Our out bound loads are Food Stuffs requiring temperatures of 0° to 35°F.

 "We return empty from areas such as Soo, Sudbury, North Bay, Bancroft, Ottawa. The reason - Freight in these areas is such that it is not practical to load on a Refrigerated Trailer. e.g. Bulky goods, Lumber, Steel or just no return freight. We return empty at times from other areas that freight is available such as Canned Goods. The reason - Truck finishes out bound load too late to make pick up that day.

 "It is not practical to hold the driver over as it takes the next day to load and return to Toronto and the following day to deliver the load. This is too long to tie up an expensive Refrigerated Trailer on this commodity."

4.12 Class "D" Mobile Homes

Percent Empty Highway Miles	}	No data available
Percent Empty Piggyback Miles		
Percent Light Highway Miles		
Percent Light Piggyback Miles		

example #41

[Respondent detailed examples of trips where empty miles were greater than 50% of total. For example, on a Trenton to Kingston move, vehicle had to move from Toronto to Trenton empty and then Kingston to Toronto empty.]

4.13 Class "E"

Percent Empty Highway Miles	50.00%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	
Percent Light Piggyback Miles	

example #42

"This company is employed exclusively in milk transportation. The produce is picked up at farms situated in the "X" county and "Y" Regional area by 2000 - 2700 gallon tank trucks, then transferred to larger (5500 gal) tractor-trailer tankers at assembly points, for furtherance to Metro Toronto processing plants.

"The farm pickup units must travel from home depot to route empty. Each unit then loads the milk from about 8 farms and travels on to the transfer location.

"The tractor-trailer units (3), after loading from the smaller farm pickup trucks, proceed to Toronto. Their return trip is empty.

"P.C.V. licence, Dept. of Agriculture regulations and scheduling for farm pickups and receiving plants prohibit any backhaul in milk trailer units from Metro area."

4.14 Class "F" Brick

Percent Empty Highway Miles	50.00%
Percent Empty Piggyback Miles	0.00%

example #43 "We deliver to all points in Ontario and not on regular routes. We never know where we will go the next day so it is hard to arrange return loads."

example #44 "All our trucks are equipped with special loading and unloading equipment and are not suitable for any other shipments except lumber, but we do not have the P.C.V. licence authority for it."

4.15 Class "F" Livestock

Percent Empty Highway Miles	50.00%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	-
Percent Light Piggyback Miles	-

example #45 "One livestock Possum Trailer with slaughter cattle from Toronto Stock Yards to Montreal Packing Plant.

"There is no return load as this is a slaughter plant and has no live return loads."

example #46 "One livestock Possum Trailer empty from [a southern Ontario town] to Thunder Bay to pick up feeder cattle to bring back to Western Ontario. Most times these calls come in during night hours with no time to look for a load going West. There is very little movement of livestock from Eastern Canada to Western Canada."

4.16 Class "H"

Percent Empty Highway Miles	18.72%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	11.59%
Percent Light Piggyback Miles	0.00%

example #47

[Respondent supplied examples of three recent shipments to the Kincardine - Port Elgin area.]

"All shipments hauled into this area result in empty miles back to Toronto. This is due to the fact [that] this is a Hydro installation and employees are being moved in and very few [are] being moved out."

4.17 Class "K"

Percent Empty Highway Miles	27.66%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	17.86%
Percent Light Piggyback Miles	0.00%

example #48

"We supply a heavy and specialized transportation service, operating specialized equipment for the transportation of goods which by their size, weight, shape or nature require specialized equipment, for example, boilers, transformers, machinery, construction equipment and fabricated structures. In most cases, the service is supplied on an exclusive use basis over all routes to built up areas as well as remote areas. For your assistance, we have broken down the empty miles in five categories.

a) Loaded miles within the province of Ontario result in approximately 90% of the return miles being travelled empty.

b) Loaded miles from points in Ontario to Western Canada result in approximately 65% of the return miles being travelled empty.

c) Loaded miles from points in Ontario to the Maritime provinces result in approximately 85% of the return miles being travelled empty.

d) Loaded miles from points in Ontario to Quebec result in approximately 10% of the return miles being travelled empty.

e) Loaded miles from the Niagara and St. Clair United States gateways to points in Ontario result in approximately 10% of the return miles from points in Ontario to the subject gateways being travelled empty."

[The respondent then supplied several pages of reasons for the occurrence of these empty miles. The following is a summary.]

- a) Within Ontario - competition from other "K" carriers; competition from contractors illegally acting as for-hire carriers; competition from general commodity carriers who really do not know how to handle this traffic; pseudo lease operators; licence restrictions; and the impossibility of finding return loads for the extra special equipment which sometimes has to be used.
- b) Ontario-Western Canada - empty miles are less because carrier has more time to arrange a return load.
- c) Ontario-Maritime - very little traffic originates in Maritimes, although some construction equipment originates at sea ports, and sometimes it is possible to pick up a load in Quebec on the return trip.
- d) Ontario-Quebec - empty miles are low because (among other reasons offered) "the province of Quebec only allows size and weight commodities to be handled by the heavy specialized carrier." Further, Quebec is very strict with its enforcement.
- e) Ontario-U.S.Gateways - traffic imbalance.

4.18 Class "T"

Percent Empty Highway Miles	50.00%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	-
Percent Light Piggyback Miles	-

no examples

4.19 Private Carriage

Percent Empty Highway Miles	24.40%
Percent Empty Piggyback Miles	0.00%
Percent Light Highway Miles	31.17%
Percent Light Piggyback Miles	0.00%

- example #49

"Toronto - Timmins"34.88% empty miles

Toronto - Ottawa75.00% empty miles

Toronto - Montreal0.00% empty miles

"Goods are distributed from Toronto and the units leave fully loaded. The number of empty miles is determined by the number of suppliers located in Timmins, Ottawa and Montreal."
- example #50

"Our trucks travelled 20,000 miles west to British Columbia, we do not purchase anything in the west for our own use so 10,000 is empty return miles."
- example #51

"Some trucks are not fully loaded when they leave the home terminal because there are not enough customers in some areas to make a full load and still provide good service."
- example #52

"Ontario: our trucks travelled 90,000 miles [in Southern Ontario and Southern to Northern Ontario]. We purchase many items for our own use in the Toronto area so we have some trucks returning full and light miles from these local trips. [33,000 empty or light miles, and 12,000 full miles on return trips.] Some of these trucks are not fully loaded when they leave "X" as we do not have enough customers in some of these areas to make a full load and still give them good service."

example #53

"We are a private carrier and only carry Company owned goods to our customers across Canada. The only time our trucks have any return load is when there is something the Company has purchased for its use in the manufacturing plant. We manufacture Ice Cream and Frozen Speciality Novelties and distribute these across Canada."

example #54

"Our trucks travelled 140,000 miles from [Southern Ontario town] to the east coast. We purchase some supplies in New Brunswick and Montreal for our own use: 60,000 miles of this are empty or light miles, 10,000 miles of this are full miles."

APPENDIX A

SURVEY QUESTIONNAIRE

To: The Individual Addressed

Dear Sir:

Re: Select Committee on Highway
Transportation of Goods

The Interim report of the Ontario Select Committee on Highway Transportation of Goods was tabled in the Legislature a few weeks ago. Most of the major recommendations are in accord with views presented by the OTA, and it is hoped that the final report of the Committee will further substantiate our position.

The issue of empty and light miles has become more important to the Committee than originally anticipated. We have promised to provide a further report on this subject by January 31, in time for consideration by the Committee before it submits its final report.

The attached questionnaire is therefore being sent to a select group of OTA members, representing a cross-section of the Ontario trucking industry. We ask you to give it your immediate consideration.

In this short survey we are less concerned about strict statistical data, and more about why empty and light miles occur in the trucking industry. Part C especially reflects this approach.

Part A merely provides some indication of what empty mile records your firm maintains. Part B requests detailed information on your empty and light miles over the latest 12-month period.

In answering Part B do not attempt to reconstruct records that you do not maintain normally.

Part C is the most important section of the survey, as it provides for specific examples of empty and light miles in your operation. You are asked to elaborate on three examples in as much detail as possible, showing why empty or light miles occur in these cases:

Each firm will have unique answers to the questionnaire, especially Part "C". For this reason our survey will include personal telephone contact with each participant.

Please complete the questionnaire in as much detail as possible, with special emphasis on Part C. Do not return it to us until we have contacted you in the weeks of January 3 - 14. After telephone contact has been made, the forms should be returned directly to our independent consultants, R.K. House and Associates, as indicated on the questionnaire.

All responses will, of course, be treated in strict confidence.

Your cooperation is appreciated.

Yours very truly,

A handwritten signature in dark ink, appearing to read "J.O. Goodman", written over a horizontal line.

J.O. Goodman,
Executive Vice-President.

JOG:dk
Encl.

December 21, 1976

P.S. The OTA contact for information about this survey is Bob Bentley,
247-7131.

ONTARIO TRUCKING ASSOCIATION

Confidential Survey on Empty and Light Miles

December, 1976

A. BACKGROUND QUESTIONS

1. Does your firm maintain any records on:

YES

NO

Empty inter-city miles,

OR

Empty inter-city trips?

Total inter-city miles?

Load factors (percent of vehicle loaded)
by inter-city lanes?

2. Can you separate, or explain, empty miles by either

(i) type of equipment? YES _____ NO _____ OR

(ii) type of PCV licence? YES _____ NO _____

3. If your firm holds "X" authority, can you separate, or explain, empty miles by both intra and extra-provincial traffic? YES _____ NO _____

EVEN IF YOU DO NOT KEEP COMPLETELY DETAILED RECORDS ON EMPTY AND LIGHT MILES, PLEASE GO ON TO PARTS B AND C.

Vehicle type, PCV licence, or traffic lane _____

B. QUESTIONS ON EMPTY AND "LIGHT" MILES

Note: Additional copies of Part B are included in the hope that you do separate empty miles by vehicle type, by PCV licence, or by traffic lane. If not, then please provide your answers on one sheet and discard the extras.

1. MILES TRAVELLED IN LATEST 12 MONTHS ENDING _____ 1976

NOTE: Please report on all highway vehicles moving under your firm's authority: owned, leased, broker, etc.

- i) TOTAL INTER-CITY HIGHWAY MILES (EXCLUDING PIGGYBACK) _____ miles
- ii) TOTAL PIGGYBACK MILES _____ miles
- iii) AVERAGE NUMBER OF POWER UNITS OPERATED ON THE HIGHWAY ~~FOR THE~~ FOR THE LATEST 12 MONTHS. _____ units

2. EMPTY MILES IN LATEST 12 MONTHS

- i) TOTAL EMPTY INTER-CITY HIGHWAY MILES, _____ miles
- ii) OF WHICH _____ WERE POWER UNIT ONLY (BOBTAILING) _____ miles
- iii) TOTAL EMPTY PIGGYBACK MILES _____ miles

3. "LIGHT" MILES IN LATEST 12 MONTHS.

We have arbitrarily defined "light" as being loaded to less than 25% of the vehicle's allowed weight or cubic capacity, but not empty. If you have mileage figures based on another definition, please give those figures, and the definition used.

- (i) Total "light" inter-city highway miles. _____ miles

Definition of "light":

- (ii) Total "light" piggyback miles. _____ miles

C. COMMENTS ON YOUR EMPTY AND "LIGHT" MILES

Do you have particular routes, or commodities, that experience an especially high empty or light load factor? (A typical example might be a small community with a natural imbalance of inbound and outbound freight, or a commodity requiring special transport equipment not suited to other uses.)

If so, please elaborate on three specific examples. Give details on communities involved, commodities carried on headhaul and backhaul, and special equipment needed. In each case try to provide the full, light and empty miles involved over the latest 12-month period used by you earlier in the questionnaire. Please use the attached sheets as required, to provide as much detail as possible.

The purpose of this section is to gather detailed examples that will illustrate to the Select Committee the variety of conditions experienced in the trucking industry, and the many factors that can cause empty or light miles.

Please complete this questionnaire now, hold until you have been contacted by telephone, and then use the enclosed envelope to mail it to:

R.K. House and Associates Ltd.,
6271 Dorman Road, Suite 5,
MISSISSAUGA, Ontario L4V 1H1 (416) 677-7998

Mark envelope:

Attention Mr. F. Nix,
CONFIDENTIAL

COMPANY NAME: _____

ADDRESS: _____

TELEPHONE: _____ AREA CODE: _____

CONTACT: _____

EXAMPLES OF EMPTY AND LIGHT MILES

INTERSTATE COMMERCE COMMISSION

BUREAU OF OPERATIONS

MR. ROAD DRIVER

Our offices receive calls daily asking, "What's an exempt commodity?"; "Do I need authority to haul that?"; "As long as it's grown, it's exempt, right?" Well, not necessarily.

This pamphlet has been prepared by the Interstate Commerce Commission, Bureau of Operations to help you understand better whether it's "Exempt or Not." In so doing, we have attempted to eliminate, where possible, legal terms, references to court citations, sections of the Interstate Commerce Act, and any other terminology so that we can get right to the meat of the problem.

You must remember, however, that a commodity is **not exempt** if it is hauled in a vehicle which, at the same time, is hauling for compensation commodities not within the exemption.

The fact that a particular commodity is not in the list does not mean that it is either within or not within the exemption. By comparison, it may be possible to form a conclusion as to the status of commodities similar to those listed.

This composite commodity list is made up from various sources. The following words which appear at the end of the commodity description will indicate the sources:

1. "Law" — Administrative Ruling No. 107 (49 CFR 1047.25) which the Transportation Act of 1958 incorporated into Section 203(b)(6) of the Act but with certain changes.

2. "Law-Ruling 110" — Administrative Ruling No. 110 which explained the changes in Ruling No. 107 made by the Transportation Act of 1958.

3. "Case No. " — Commission and court decisions since 1958. These are identified by the designation "Case No. ." The title and citation of the decision is shown in the Case List which follows the Commodity List.

Should you have further questions regarding exempt or nonexempt commodities or, for that matter, questions regarding interstate transportation, please feel free to contact any one of our listed field offices.



L. R. Teeple
Acting Director

COMPOSITE COMMODITY LIST

of Administrative Ruling No. 119

Additives. Ruling No. 107 reflects the policy of allowing minor amounts of additives, since such things as vitamins in milk, seasoning or sweetening in foods, coated Christmas trees, etc. are shown as exempt. Informal rule of thumb is that no more than 5 percent non-exempt additives are allowable. - Bureau

Advertising matter, in reasonable amounts, transported along with exempt commodities to which it relates, not considered as affecting the exempt nature of shipment. - Bureau

Advertising matter, comprising 20-30 cases transported with 500 cases of tulip bulbs - Exempt - Bureau

Athalia, see Feeds

Animal fats - Not exempt - Law

Animals, see Livestock

Bagged commodities - Placing exempt commodities in bags does not affect their exempt status. - Law

Bagging scrap, (worn jute bagging) - Not exempt - Bureau

Bananas - Not exempt - Law-Ruling 110

Bark, see Forest Products

Barley, see Grains

Bees - Exempt - Law

Beeswax, crude, in cakes and slabs - Exempt - Law

Beet pulp, see Feeds

Beets, sugar - Exempt - Law

Berries, See Fruits

Birds
-Canaries and parakeets - Not exempt - Bureau
-Edible, see separate heading: Poultry

-Feathers, see separate heading: Feathers

-Pigeons, racing - Not exempt - Law

-Birdseed, see separate heading: Feeds

Bones, animal - Not exempt - Bureau

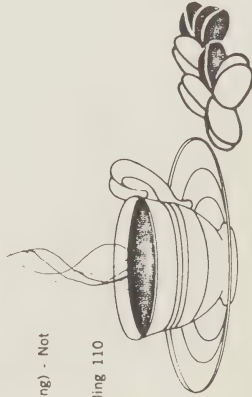
Bran, see Feeds

Broom corn, threshed and baled - Exempt - Law

Bulbs, see Horticultural Commodities

Butter - Not exempt - Law

Buttermilk - Exempt - Law



Candied apples (fresh apples on a stick dipped in tarfy) - Not exempt - Bureau

Caseln, derived from milk - Not exempt - Case No. 1

Canned fruits and vegetables - Not exempt - Law

Caruba wax as imported in slabs or chunks - Not exempt - Law

Castor Beans - Exempt - Law

Castor pomace (cake remaining after extraction of oil from castor beans) - Not exempt - Bureau

Cattle, live, see Livestock

Cattle, slaughtered - Not exempt - Law

Charcoal - Not exempt - Law

Cheese

-Cheese - Not exempt - Law

-Cheese, cottage - Not exempt - Law

-Cheese, cottage, curd, in bulk - Not exempt - Bureau

-Cheese, cream - Not exempt - Law

-Chicle (a gum obtained from latex of trees) in form normally shipped, i.e. purified and neutralized - Not exempt - Bureau

Christmas trees, plain, sprayed, or coated - Exempt - Law

Cider, apple, and cider vinegar - Not exempt - Bureau

Citrus fruits, see Fruits

Clay - Not exempt - Bureau

Coal - Not exempt - Law

Cocoa bean shells, in any form - Not exempt - Bureau

Cocoa beans - Not exempt - Law-Ruling 110

Coconut, see Nuts

Coffee
-Coffee beans - Not exempt - Law-Ruling 110
-Coffee, instant - Not exempt - Law
-Coffee, roasted - Not exempt - Law

Compost

-Compost, composed of manure and straw sweepings, dried, disintegrated, and decomposed - Exempt - Bureau
-Compost, mixture of manure, straw or rice hulls, but **not** sawdust - Exempt - Bureau

-Compost, product, a mixture of processed garbage and sewage sludge - Exempt - Bureau

-Compost, mixture of manure and sweepings with water and bacterial agents to hasten fermentation, used as a growth medium for mushrooms - Not exempt - Bureau

Containers-Dinners

Containers

- Containers, crates, and boxes which have been used in the movement of exempt commodities, which have been reconditioned and sold from stock to new purchasers - Not exempt - Bureau
- Containers, crates, and boxes which have been used in the movement of exempt commodities, and are being returned for reuse - Exempt - Law
- Containers, new, for use in shipping exempt commodities - Not exempt - Law

Copra meal

- Not exempt - Law

Corn, See Grain

Corn cob

- Corn cobs - Exempt - Law
- Corn cobs, ground - Exempt - Law

Corn fodder

- Exempt - Law

Cottage cheese, see Cheese

Cotton

- Cotton, carded but not spun, woven or knitted - Exempt - Law
- Cotton, ginned or unginned - Exempt - Law

Cotton felt, used in mattresses, etc.

- consisting of scraps of raw cotton, blended and carded, but not otherwise processed - Exempt - Bureau

Cotton lap (Baled cotton, blended,

- cleaned and formed into rolls preparatory to milling) Exempt - Bureau

Cotton linters

- Exempt - Law

Cotton moles (fibers removed from

- cotton seed after ginning and removal of linters) - Exempt - Bureau

Cotton waste consisting of bits of string, thread, and yarn - Not Exempt - Bureau

Cotton waste consisting of scraps of

- cotton fibre not spun, woven or knitted - Exempt - Law

Cotton yarn

- Not exempt - Law

Cottonseed

- Cottonseed, whole - Exempt - Law
- Cottonseed, dehulled - Exempt - Law

Cottonseed cake

- Not exempt - Law

Cottonseed hulls

- Exempt - Law

Cottonseed meal

- Not exempt - Law

Crates, see Containers

Cream, see Milk

Cream cheese, see Cheese

Dehydrated, see commodity name:

- Fruits, Vegetables, Eggs, etc.

Dislomaticaceous earth

- Not exempt - Law

Dinners

- Dinners, frozen - Not exempt - Law (But see next two entries)
- Dinners, chicken, cooked and frozen - Exempt - Bureau (Based on Case No. 26)
- Dinners, seafood, frozen - Exempt - Law - Ruling 110

Dried, see commodity name: Fruits, Vegetables, Eggs, etc.

Eggs

- Albumen, fresh, liquid - Exempt - Law
- Albumen, fresh, liquid, pasteurized - Exempt - Bureau
- Dried - Exempt - Law
- Frozen - Exempt - Law
- Hard boiled, pickled, packed in vinegar and water with spices - Not exempt - Bureau
- In shell - Exempt - Law
- Liquid, whole or separated - Exempt - Law
- Mixture of 90% powdered and 10% syrup and salt, dried - Not exempt - Bureau
- Oiled - Exempt - Law
- Omelet mix consisting of fresh broken eggs and milk with minute amounts of salt and pepper and seasoning, packaged and frozen - Exempt - Bureau
- Powder, dried - Exempt - Law
- Shelled - Exempt - Law

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Dried-Feeds

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Fats, animal - Not exempt - Law

Feathers

- Feathers, cleaned and ground, not further processed, nothing added (sometimes referred to as "feather meal.") - Exempt - Bureau
- Feathers, ground, combined with dehydrated poultry offal - Exempt - Bureau

Foods-Fish

- Formulas composed of hominy feed, beet pulp, corn gluten, wheat middlings, cane molasses and minerals - Not exempt - Bureau
 - Hamster and gerbil food with 9% soy bean and alfalfa meal added - Not exempt - Bureau
 - Hominy feed - Not exempt - Law
 - Meal, see separate heading: Meal
 - Middlings - Not exempt - Law
 - Oat hulls, ground - Exempt - Law
 - Parrot Food, mixture of exempt commodities - Exempt - Bureau
 - Pelletized ground refuse screenings - Not exempt - Law
 - Rice bran - Exempt - Law
 - Rice hulls, anhydrous ammonia added providing a 10% protein source as feed - Not exempt - Bureau
 - Rice hulls, ground or unground, nothing added - Exempt - Bureau
 - Rice mill feed pellets - Status pending - Case No. 32
 - Screenings, feed - Exempt - Law
 - Soya bean husks - Exempt - Case No. 16
 - Wheat bran - Not exempt - Law
 - Wheat mixed feed (mixture of coarse outer covering of wheat kernel, wheat germ, wheat flour, and offal of the tail of the mill) - Not exempt - Case No. 2
- Fertilizer, commercial** - Not exempt - Law

- Fibers**
- Abaca (manila hemp) piassava, jute, rattan, and palm and grass fibers - Exempt - Case No. 3
 - Clippings resulting from rope making - Not exempt - Bureau
 - Cord yarn, made from coconut fibre, is manufactured by spinning - Not exempt - Case No. 3
 - Flax - Exempt - Law
 - Hemp - Not exempt - Law Ruling 110
 - "Hemp" specifically made not exempt by amendment of Section 203(b)(6) means true hemp (cannabis sativa) or its fiber, and does not embrace similar plants or plant fibers commonly referred to by name. Case No. 3
 - Jute in bales - Exempt - Law
 - Jute fabric, product of a textile operation - Not exempt - Bureau
 - Ramie - Exempt - Law
 - Kapok, in loose bales, not processed beyond separation of fibers from seeds - Exempt - Bureau
 - Palmleaf, not processed beyond separation from leaf, cleaning, combing and baling - Exempt - Bureau
 - Ramie's Tops, consisting of long fibers of the ramie plant - Exempt - Bureau
 - Raymond or synthetic fibers, or mixtures thereof (waste materials or otherwise) - Not exempt - Bureau
 - Sisal, not being a true hemp - Exempt - See explanation under "Hemp" above
- Fish (including shell fish)**
- General. Frozen, quick frozen, and unfrozen fish and shell fish in the various forms in which it is shipped, such as live fish, fish in the round, beheaded, and gutted fish, filleted fish, beheaded shrimp, and oysters, clams, crabs, and lobsters, with or without shells,

- including crab meat and lobster meat - Exempt - Law
 - Breaded, cooked, or uncooked, frozen or fresh - Exempt - Law Ruling 110; Case No. 24
 - Cakes, codfish, cooked or uncooked frozen or fresh - Exempt - Law-Ruling 110; Case No. 24
 - Canned, as a treatment for preserving - Not exempt-Ruling 110; Case No. 24
 - Clam juice or broth, cooked or uncooked, frozen or fresh - Exempt-Ruling 110; Case No. 24
 - Condensed fish, solubles (obtained by condensing the aqueous portion of the residue of pressing oil from fish) - Not exempt - Bureau
 - Cooked or partially cooked fish or shellfish, frozen or fresh - Exempt - Law - Ruling 110; Case No. 24
 - Crab offal (residue after extraction of meat from crabs including shells, dried and ground) - Exempt - Bureau
 - Crabmeat, pasteurized, placed in hermetically sealed containers for purpose of preservation - Not exempt - Bureau
 - Crabmeat, pasteurized, sealed for purposes of cleanliness only, preservation accomplished by refrigeration - Exempt - Bureau
 - Croquettes, salmon, cooked or uncooked, frozen or fresh - Exempt - Law-Ruling 110; Case No. 24
 - Devised crabs, clams, or lobsters, cooked or uncooked, frozen or fresh - Exempt - Law-Ruling 110; Case No. 24
- Fish**
- Dinners, cooked or uncooked, frozen or fresh - Exempt - Law-Ruling 110; Case No. 24
 - Fish, processed by cleaning, scaling, and adding a small amount of salt - Exempt - Case No. 4
 - Fish, ground, frozen into blocks - Exempt - Bureau
 - Fish luncheon meat of smoked ground fish formed into loaves - Not exempt - Bureau
 - Fish, lightly salted or spiced, requiring refrigeration to retard deterioration - Exempt - Bureau
 - Fried fish fillets, oysters, or scallops, frozen or fresh - Exempt - Law Ruling 110; Case No. 24
 - Frogs, live or dressed - Exempt - Law
 - Frog and turtles, placed in formaldehyde to prevent or retard deterioration during transportation (but not as a preservative as that term is normally used) and used in substantially the same manner as live specimens - Exempt - Bureau
 - Frozen, see General above, and individual listings
 - Hermetically sealed in containers as a treatment for preserving - Not exempt - Law
 - Hermetically sealed in containers for cleanliness only, preservation attained by refrigeration - Exempt - Law

Fish-Flour

- Meal - Not exempt - Law
- Offal (inedible portions of fish not further processed) - Exempt - Law
- Oil from fishes - Not exempt - Law
- Preserved, or treated for preserving, such as smoked, salted, pickled, spiced, corned or kippered - Not exempt - Law
- Residue remaining after extraction of oil from fish - Not exempt - Bureau
- Salmon eggs, brined and packed in salt and formaldehyde solution in vacuum sealed jars - Not exempt - Bureau
- Salmon eggs, frozen, not pickled or brined or otherwise treated for preservation - Exempt - Bureau
- Salted, as a treatment for preserving - Not Exempt - Law
- Scraps, frozen, granulated, and pressed into blocks, for cat food - Exempt - Bureau
- Sea lions and walrus - Not exempt - Bureau
- Seafood casseroles and dinners of which fish or shellfish is the principal ingredient - Exempt - Bureau
- Seal blubber - Not exempt - Bureau
- Seal skins - Not exempt - Bureau
- Shells of sea creatures, other than those mixed with other refuse as "offal" - Not exempt - Bureau
- Shells, oyster, moving to market for use in button making - Not exempt - Law
- Shells, oyster, ground - Not exempt - Case No. 28
- Shrimp cocktail (Shrimp cooked and placed in glass jars with special sauce and seasoning and kept under refrigeration) - Exempt - Bureau
- Soup or chowder containing a relatively small proportion of fish or shellfish in proportion to other ingredients which are not within the exemption - Not exempt - Bureau
- Stew, consisting of raw oysters or clams, milk and seasoning, frozen but uncooked - Exempt - Law
- Sticks, cooked or uncooked, frozen or fresh - Exempt - Law-Ruling 110
- Sticks, frozen, cooked, breaded - Exempt - Case No. 5
- Tuna Pies, Frozen - Exempt - Bureau
- Turtles, sea or fresh water - Exempt - Law
- Whale meat, fresh - Exempt - Law
- Flagstone - Not exempt - Law
- Flax fiber, see Fibers
- Flaxseed, whole - Exempt - Law
- Flaxseed meal - Not exempt - Law
- Flies, live sterile screwworm, used in screwworm eradication program - Exempt - Bureau
- Flour
 - Flour - Not exempt - Law
 - Corn flour, extruded and hammered to a flour consistency - Not exempt - Bureau
 - Corn meal flour - Not exempt - Bureau
 - Mustard flour, consisting of seeds ground or milled and bolted - Not exempt - Bureau

Flour-Forest Products

- Bark, shredded in its natural state, sprayed with copper based fungicide - Exempt - Bureau
- Blankets of pine and spruce boughs - Exempt - Law
- Bolts for making shingles - Exempt - Law
- Divi and divi pods, natural products of certain trees, not processed - Exempt - Bureau
- Excelsior wood: shredded birch bark, not a by-product of sawing, planing or finishing of wood - Exempt - Bureau
- Fence pickets, split by hand from bolts, edged and pointed - Not Exempt - Bureau
- Fence posts and rails, consisting of logs peeled and cut to length, the posts having holes drilled in them for insertion of rails, and the rails being split and sharpened at both ends - Not exempt - Case No. 6
- "Firelog": wood shavings, sawdust, low grade petroleum, used in place of fire-wood - Not exempt - Bureau
- Greenery - Exempt - Law
- Growing, see separate heading: Horticultural Commodities
- Hickory "wheels": short lengths cut from trees or logs - Exempt - Bureau
- Hickory meal: sawdust or powdered hickory wood - Not exempt - Bureau
- Tapioca flour, produced in same manner as wheat flour - Not exempt - Bureau
- Flowers and flower plants, see Horticultural commodities
- Fodder, corn and sorghum - Exempt - Law
- Forage, see Hay and Feeds
- Forest products
 - Bark - Exempt - Law
 - Bark - Boiled to clean and soften - Exempt - Law
 - Bark, raw, broken up by means of hammermill, or shredded, ground, or crushed, graded, and bagged - Exempt - Bureau



Forest Products

- Holly sprigs and cuttings - Exempt - Law
- Leaves - Exempt - Law
- Leaves, sisal, husks and moisture removed - Exempt - Law
- Lignin sulphamate obtained by cooking wood chips in a chemical solution and used as a road binder - Not exempt - Bureau
- Logs and pilings impregnated with a preservative, usually creosote - Not exempt - Case No. 7
- Mesquite brush, ground, dehydrated and packaged in plastic bags - Exempt - Bureau
- Mesquite brush, twigs and debris burned off - Exempt - Law
- Mine timbers or cants, comprised of 8 foot lengths of fir, rough-sawn, square cornered - Not exempt - Bureau
- Mistletoe - Exempt - Law
- Myrobalans, as imported in natural state - Exempt - Law
- Palmira stalk fibers (fronds from palm leaves) - Exempt - Law
- Peat moss, dried, shredded, baled - Exempt - Law
- Peat or peat moss, in bags or boxes - Exempt - Bureau (See also Case No. 31)
- Peat moss flower pots impregnated with wetting agent - Not exempt - Bureau
- Peat, for use as an organic fertilizer, wet with water and other solutions, decomposed in a pressure vessel and dried - Not exempt - Case No. 31
- Peeler cores, composed of the center portions of logs remaining after plywood is cut therefrom - Exempt - Case No. 30
- Pillings, wooden, untreated - Exempt - Case No. 9

- Pillings, wooden, impregnated with a preservative, usually creosote - Not exempt - Case No. 7
- Pine Cones, leaves, and miniature trees preserved by use of a solution containing calcium chloride - Exempt - Case No. 8
- Poles, wooden, untreated - Exempt - Case No. 9
- Poles, preassorted, preventative-treated (used by utilities companies, contractors, municipalities, etc.) - Not exempt - Case No. 10
- Poles, telephone, not creosoted - Exempt - Law
- Railroad ties composed of bolts from felled trees sawed crosswise and peeled off or split but not otherwise processed - Exempt - Bureau
- Railroad ties, lengths of wood cut to length and sawed lengthwise to size - Not exempt - Bureau
- Resin, crude - Exempt - Law
- Resin products, such as turpentine - Not exempt - Law
- Roots, natural or dried - Exempt - Law
- Sap, maple - Exempt - Law
- Sawdust and shavings, regardless of their place of production, the process by which they are created, or their ultimate use - Not exempt - Case No. 11
- Sawdust from lumber mills - Not exempt - Law

- Shakes and shingles, whether split by hand or by machine - Not exempt - Case No. 12
 - Shingle bolts - Exempt - Law
 - Slabwood produced from sawmill operations - Not exempt - Case No. 13
 - Spanish moss - Exempt - Law
 - Spaghnum moss - Exempt - Law
 - Spices, see separate listing; Spices Tanbark or tanwood, residue after tanning dye is extracted from bark, roots, or wood by means of extreme pressure and hot water, used as a mulch - Not exempt - Bureau
 - Tanning extracts (wattle, chestnut, quebracho) produced by leaching bark, clarifying the extract and concentrating it in vacuum evaporators - Not exempt - Bureau
 - Timber (rough logs or bolts) cut in random lengths, with bark removed - Exempt - Bureau
- Trees
- Christmas, plain, sprayed, or coated - Exempt - Law
 - Cut to length, peeled, or split - Exempt - Law
 - Growing, see Horticultural commodities
 - Sawed into lumber - Not exempt - Law
 - Trimmings from logs and bolts, except bark - Not exempt - Case No. 11
 - Valonia, as imported in natural state - Exempt - Law
 - Wood chips for making wood pulp - Not exempt - Law
 - Wood cut into short crosswise lengths for firewood (not sawed lengthwise) - Exempt - Bureau

Forest Products-Fruits and Berries

- Wreaths of holly or other natural material with small amount of foundation or decorative material - Exempt - Law
- Frogs, see Fish
- Frozen, see commodity name: Fruits, Vegetables, Fish, Poultry, etc.
- Fruits and Berries
- Apple peels and cores ground, but not otherwise processed - Exempt - Bureau
 - Apple pomace (substance remaining after extraction of juice) - Not exempt - Bureau
 - Apples, fresh, unfrozen, peeled, cored, sliced and dipped in brine solution to retain freshness - Exempt - Bureau
 - Bagged - Exempt - Law
 - Bananas, fresh, dried, dehydrated, or frozen - Not exempt - Law-Ruling
 - Blueberries, incidentally frozen while being maintained in low temperature storage, allowed to thaw during transportation - Exempt - Bureau
 - Canned - Not Exempt - Law
 - Cherries in sulphur dioxide "brine" for purpose of holding them in fresh state until they can be processed for marketing, which processing includes "debrining" - Exempt - Case No. 14
 - Cherries, maraschino type, resulting from further processing of cherries mentioned just above - Not exempt - Case No. 14

- Chopped glazed fruit (similar to that used in fruit cakes) - Not exempt - Bureau
- Citrus fruit salad, fresh, chilled - Exempt - Bureau
- Citrus fruit sections, fresh, cold-packed or semi-frozen - Exempt - Law
- Citrus fruit sections, frozen - Not exempt - Law-Ruling 110
- Citrus fruit sections, not frozen, packed with sugar, water, citric acid, and benzoate of soda, additives being 6% to 10% of total - Not exempt - Bureau
- Citrus pulp (substance remaining after juice extraction) - Not exempt - Bureau
- Color added - Exempt - Law
- Cranberries, partially frozen as result of being placed in open boxes in storage under controlled temperatures to insure freshness pending transportation to canneries - Exempt - Bureau
- Cranberries, purposely quick-frozen, maintained in a frozen state during transportation - Not exempt - Bureau
- Dates, pitted, dried - Exempt - Law
- Dehydrated - Exempt - Law
- Dried, naturally or artificially - Exempt - Law
- Dried, not further processed, placed in sealed packages or receptacles - Exempt - Bureau
- Figs, dried, halved or quartered - Exempt - Law
- Figs, or dates, ground, in paste form, cooked, or with substantial amounts of other substances added - Not exempt - Bureau
- Fig paste, consisting of ground figs, either in their natural state or dried - Exempt - Bureau
- Frozen - Not exempt - Law-Ruling 110
- Frozen (quick-frozen) for the purpose of preservation during transportation—whether shipped under temperature control or not - Not exempt - Bureau
- Fruit baskets or gift packages consisting of fresh fruit with 5% or less of jelly in jars and candy - Exempt - Bureau
- Fumigated - Exempt - Law
- Graded - Exempt - Law
- Grape slurry comprised of grapes removed from stems and crushed - Exempt - Bureau
- Hulls of oranges after juice extractions - Not exempt - Law
- In Brine, to retain freshness - Exempt - Law
- Juice, orange or other citrus - Not exempt - Law
- Juice, fruit, plain or concentrated - Not exempt - Law



- Grains
- Artificially dried - Exempt - Law
- Barley, brewers' (residuary by-products of the malting process in which barley, steeped and germinated, is mixed with hops and other ingredients and allowed to ferment) - Not exempt - Bureau
- Barley, malted (processed only to the extent of soaking in warm water to hasten or induce germination, then drying, and removal of sprouts in some instances) - Exempt - Bureau
- Barley, pearled (husked and polished grains) - Exempt - Bureau
- Barley, rolled - Exempt - Law
- Barley, whole - Exempt - Law
- Brewer's grains, wet, by-product of brewing process - Not exempt - Bureau
- Corn cob pellets consisting of finely ground cobs with graphite added - Not exempt - Bureau
- Corn, cracked - Exempt - Law
- Corn, from which oil is extracted, ground and dried to comprise a product known as "brewers corn grits" - Not exempt - Bureau
- Corn screenings - Exempt - Bureau
- Corn shucks, used as "hot tamale shucks" - Exempt - Bureau
- Corn, shelled - Exempt - Law
- Kernels - Exempt - Law
- Mrobalan (prune-like tropical fruit) dried, crushed and bagged - Exempt - Bureau
- Olives, processed for table use, in brine or not in brine, stuffed or not stuffed, in any type container - Not exempt - Bureau
- Orange and lemon peel, dried, prepared from hulls of fruit following juice extraction - Not exempt - Bureau
- Peaches, peeled, pitted, and put in cold storage in unsealed containers - Exempt - Law
- Pies, frozen - Not exempt - Law
- Plantains (considered to be bananas) - Not exempt - Case No. 15
- Preserved, such as jam - Not exempt - Law
- Purees, strawberry and other, frozen - Not exempt - Law
- Quick frozen - Not exempt - Law-Ruling 110
- Raisins, seeded or unseeded - Exempt - Law
- Raisins, very lightly coated with honey, cinnamon, or sugar - Exempt - Bureau
- Raisins, chocolate coated or glazed, thereby preserving and candying them - Not exempt - Bureau
- Sliced, frozen - Not exempt - Law-Ruling 110
- Strawberries, in syrup and unsealed containers in cold storage - Exempt - Law
- Strawberries, in unsealed containers with temperature controlled at 10° or lower - Not exempt - Bureau

Grain-Grinding

- Corn, whole - Exempt - Law
- Cracked wheat (bulgur or bulgar) processed by cooking the grains for purification and preservation, then drying, dehulling and grinding - Not exempt - Bureau
- Feeds, see separate heading; Feeds
- Hulls and husks, see separate heading; Feeds
- Milo maize - Exempt - Law
- Oats, crimped or rolled in the same manner as rolled barley - Exempt - Bureau
- Oats, whole - Exempt - Law
- Oats, whole, crushed and ground, in bags - Exempt - Bureau
- Oil, extracted from grain - Not exempt - Law
- Popcorn, popped - Not exempt - Law
- Popcorn, shelled (unpopped) packaged with cooking fat or oil (one part oil to 2 1/2 parts popcorn) - Not exempt - Bureau
- Popcorn, shelled (unpopped), weighing ten or more ounces, accompanied by a separate package of seasoning consisting of salt, monosodium glutamate, butter flavor, cottonseed oil, and artificial color and flavor weighing approximately 3/4 ounce - Exempt - Bureau
- Popcorn, unpopped, shelled, in sealed or unsealed containers - Exempt - Law
- Puffed grains - wheat, rice, millet or corn - produced by application of steam inside air tight tubes, and heat from outside burners, although not fully cooked - Not exempt - Bureau
- Rice bran - Exempt - Law
- Rice, brewers - Exempt - Law
- Rice, clean - Exempt - Law
- Rice, ground, not sifted, bolted or graded - Exempt - Bureau
- Rice, hull ash (Burned hulls of threshed rice) - Not exempt - Bureau
- Rice, hulled ("brown rice") - Exempt - Bureau
- Rice, long grain, enriched, parboiled, subjected to enough steam pressure to harden kernel and reduce stickiness, but not bolted or precooked - Exempt - Bureau
- Rice, milled, fortified with vitamins - Exempt - Bureau
- Rice polish - Exempt - Law
- Rice, precooked - Not exempt - Law
- Rice, whole - Exempt - Law
- Rye, whole - Exempt - Law
- Sorghum grains, whole - Exempt - Law
- Wheat, bulgar, cleaned, cooked under steam pressure, dried, dehulled, ground, graded and bagged - Not exempt - Bureau
- Wheat germ - Not exempt - Law
- Wheat, new, crushed, uncooked - Exempt - Bureau
- Wheat, whole - Exempt - Law
- Grass seed** - Exempt - Law
- Gravel** - Not exempt - Law
- Greenery**, see Forest products
- Grinding**, without prior or subsequent manufacturing processes does not affect the exempt status of the commodity - Law

Guano-Humus

- Guano**, bat (excrement of bats, dried, but not further processed) - Exempt - Bureau
- Honey**
 - Honey, in the comb or strained - Exempt - Law
 - Honey, Heat treated to retard granulation - Exempt - Law
- Hope** - Exempt - Law
- Horticultural commodities**
 - Bulbs - Exempt - Law
 - Flowers, growing or cut - Exempt - Law
 - Leaves, natural or dried - Exempt - Law
 - Nursery stock - Exempt - Law
 - Plants, vegetables and flower - Exempt - Law
 - Roots, rhubarb, asparagus, mint, etc. - Exempt - Law
 - Star flowers - dried, spray painted - Exempt - Bureau
 - Trees, growing balled in earth - Exempt - Law
 - Wreaths, holly or other natural material, with small amount of foundation or decorative material - Exempt - Law
- Hulls and husks**, see Feeds, Nuts
- Humus**, of a nature similar to peat moss - Exempt - Law
- Hay**
 - Hay and forage, dried naturally or artificially - Exempt - Law
 - Hay, chopped - Exempt - Law
 - Hay, dehydrated - Exempt - Law
 - Hay, salt (from salt marshes) - Exempt - Law
 - Hay, see also Feeds
 - Hay, sweetened with 3% molasses by weight - Not exempt - Law
- Hemp**, see Fibers
- Herbs**, see Spices
- Hides, green and salted** - Note exempt - Law

Ice-Livestock

Ice for cooling subsequent shipments of exempt commodities - Exempt - Law

Ice cream and ice cream mix, see Milk and cream

Imported commodities - Fact of importation does not affect status of otherwise exempt commodities, except that wool imported from any foreign country is not exempt - Law-Ruling 110

Insecticides - Not exempt - Law

Juices, see Fruits

Jute fiber, see Fibers

Kapok, see Fibers

Kelp, dried, ground - Exempt - Law

Latex, see Rubber

Leaves, see Forest products, Horticultural commodities, and Spices

Laguine inoculant - Not exempt - Bureau

Licorice paste and powder (prepared from ground licorice root, and used in tobacco and confectionary trades and for medicinal purposes) - Not exempt - Bureau

Licorice roots, spent (by-product or residue remaining after open-vat leaching process used to extract licorice) - Not exempt - Bureau

Livestock

• Exhibit animals such as those of 4-H club members, which though shown for a few days, are chiefly valuable for slaughter - Exempt - Law

• Laboratory animals, not domesticated, such as rats, mice, guinea pigs - Not exempt - Bureau

• Medical use animals, such as ordinary healthy swine for serum manufacture - Exempt - Law

• Monkeys - Not exempt - Law

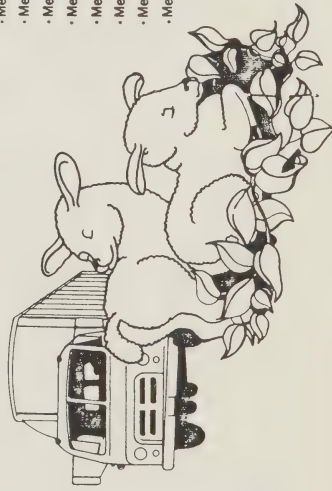
• Ordinary, i.e. all cattle, swine, sheep, goats, horses, and mules, except such as are chiefly valuable for breeding, racing, show purposes, and other special uses - Exempt - Law

• Race horses - Not exempt - Law

• Registered or purebred cattle for ordinary farm or ranch uses, not chiefly valuable for breeding, race, show, or other special purposes - Exempt - Law

• Riding horses, used for personal pleasure riding - Exempt - Bureau

• Rodeo animals (bucking horses, cow ponies, parade horses, pick-up horses, Brahma bulls, steers, calves, buffalo) - Not Exempt - Bureau



• Show horses - Not exempt - Law

• Zoo animals - Not exempt - Law

Limestone, agricultural - Not exempt - Law

Lined meal, see Meal

Lumber, rough sawed or planned - Not exempt - Law

Manure

• Manure, in natural state - Exempt - Law

• Manure, dried or dehydrated, bagged - Exempt - Law

• Manure to which sand is added as conditioning ingredient, equivalent to 3% of the total mixture - Exempt - Bureau

• Manure, paunch (cud of animal's rumen) product of slaughter - Not exempt - Bureau

• Manure, fermented, with additives such as yeast and molds, producing a rich liquor which in water solution is used for soil enrichment - Not exempt - Bureau

Maple sap - Exempt - Law

Maple syrup - Not exempt - Law

Meal

• Meal, alfalfa - Not exempt - Law

• Meal, copra - Not exempt - Law

• Meal, cottonseed - Not exempt - Law

• Meal, fish - Not exempt - Law

• Meal, flaxseed - Not exempt - Law

• Meal, linseed - Not exempt - Law

• Meal, peanut - Not exempt - Law

• Meal, soybean - Not exempt - Law

Livestock-Milk and Cream

Meat and meat products

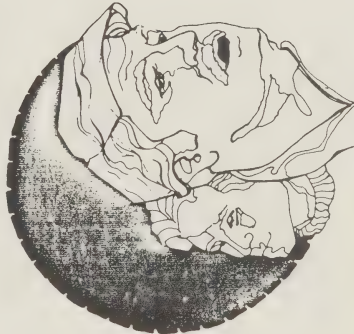
- Beef dinners, frozen - Not exempt - Bureau
- Fresh, frozen or canned - Not exempt - Law
- Meat pies, frozen - Not exempt - Bureau
- Meat of seals, seal lions and walrus - Not exempt - Bureau
- Scrap bones and meat, refuse from packing houses - Not exempt - Bureau

Milk and Cream

- Anhydrous milk fat made by a continuous separation process directly from milk or cream in the same manner as nonfat dried milk solids - Exempt - Bureau
- Butterfat, isex, Gold Label (trade name) consisting of over 50% sugar and 2% water and 44% butterfat - Not exempt - Bureau
- Buttermilk - Exempt - Law
- Buttermilk/condensed cream, consisting of 45% butter fat, 30% sugar and 25% skimmed milk solids - Not exempt - Bureau
- Casein, produced commercially through specialized processes - Not exempt - Case No. 1
- Cheese, see that main heading
- Concentrate, pasteurized and homogenized, with 2/3 of the water removed - Exempt - Bureau
- Concentrate, consisting of fresh whole milk from which a portion of the water is removed to which no substantial amount of nonexempt substance is added - Exempt - Bureau

Milk and Cream

- Concentrate (mixture of fresh cream with skim milk from which a portion of water is removed) - Exempt - Bureau
- Condensed - Not exempt - Law
 - "Culturemate"; non-fat dry milk powder, 10% diphosphate salts, dry process extract, small amounts of dextrose and whey - Not exempt - Case No. 29
- Dry milk solids (essentially the same as powdered milk) - Exempt - Case No. 1
- Evaporated milk, in sealed cans - Not exempt - Bureau
- Frozen - Exempt - Law
- Homogenized - Exempt - Law
 - Ice cream mix (blend of milk, dried skim milk and sugar) - Not exempt - Bureau
- Lactose: milk sugar, traces of protein and ash, made by condensing sweet cheese whey, crystallizing by cooking, then spinning, drying and bagging - Exempt - Case No. 29
- Milk "replacer" containing 10% animal fat - Not exempt - Bureau
- Milk "replacer" (blend of 98% ingredients themselves "exempt" commodities and 2% dietary supplements and flavoring ingredients, not otherwise processed) - Exempt - Bureau
- Milk "replacer" (Calf Pab), containing at least 20 nonexempt ingredients (no percentages shown) - Not exempt - Bureau
- Milk shake mix, composed of powdered milk with substantial amounts of sweetening and flavoring added - Not exempt - Bureau
- Pasteurized - Exempt - Law
- Powdered - Exempt - Law
- Raw - Exempt - Law
 - Raw milk with coloring added to indicate it has been found unfit for human consumption - Exempt - Bureau
 - Skim - Exempt - Law
 - Skim, dried - Exempt - Bureau
 - Skim, with two-thirds of water removed, in bulk or unsealed containers - Exempt - Law
 - Standardized - Exempt - Law
 - Sterilized in hermetically sealed cans - Not exempt - Law
 - Vitamin "A" - Exempt - Law
 - Whey, see that main heading
 - Whipped cream, frozen, containing only exempt dairy products, which is mechanically processed into that form - Exempt - Bureau
 - Whole milk with moisture content removed and nothing added - Exempt - Bureau
 - Yogurt, plain or flavored - Not exempt - Bureau



Milk-Nuts

- Coconut meal, see separate heading: Copra meal
- Macadamia nuts - Exempt - Bureau
- Peanut meal - Not exempt - Law
- Peanut shells, ground - Exempt - Law
 - Peanuts, roasted and salted in the shell - Not exempt - Bureau
- Pistachio, shells colored with food coloring but not otherwise processed - Exempt - Bureau
- Raw, shelled or unshelled - Exempt - Law
 - Roasted or boiled - Not exempt - Law
 - Shelled, raw - Exempt - Law
 - Shelled, salted (not roasted or otherwise similarly processed) - Exempt - Bureau
 - Shelled, sprayed or washed with preservative but not candied or flavored - Exempt - Bureau
 - Shells - Exempt - Law
 - Shells, ground peanut - Exempt - Law
 - Shells, peanut, pelleted, comprised of hulls or shells ground and formed into pellets by application of pressure with steam as binder (similar to production of alfalfa pellets) - Not exempt - Bureau
 - Shells, pecan, ground - Exempt - Case No. 17
 - Shells, pecan, mixed with chemicals equivalent to 10% of the total mixture - Not exempt - Bureau
 - Unshelled, raw - Exempt - Law
- Mohair, raw, cleaned, or scoured - Exempt - Law
- Molasses - Not exempt - Law
 - Moss, see Forest products
- Mushrooms, fresh - Exempt - Law
- Nursery stock, see Horticultural commodities
- Nutria carcasses, ground, for use as milk feed - Not exempt - Bureau
- Nutria (or copra), skinned, whole or chopped - Not exempt - Bureau
- Nutria and rat carcasses, whole, frozen or unfrozen - Not exempt - Bureau
- Nuts
 - Blanched (placed in water hot enough to soften the skins and facilitate removal of kernel, but not sufficient to kill the enzymes) - Exempt - Bureau
 - Cashews, roasted or cooked - Not exempt - Bureau
 - Cashews, scorched (not roasted or cooked, but darkened in color unintentionally by overheating during shelling process) - Exempt - Bureau
 - Coconut, dried, shredded, flaked, or prepared by thread mill or devil mill to produce thread-like particles or granules, not further processed - Exempt - Bureau

Oats-Poultry

Oats, see Grains

Offal, consisting of blood, intestines, viscera, etc., by-product of the slaughtering of animals - Not exempt - Bureau

Oil

-Oil mint - Not exempt - Law
-Oil, extracted from vegetables, grain, seed, fish, or other commodity - Not exempt - Law

Olive, see Fruits and Berries

Packaged commodities - Packaging exempt commodities does not affect their exempt status - Law

Peanuts, see Nuts

Peat moss, see Forest products

Pelletized feeds, see Feeds

Pelts - Not exempt - Law

Pies, frozen - Not exempt - Law

Pigeons, racing, see Birds

Plants, vegetable or flower, see Horticultural commodities

Polka, See Forest products

Popcorn, see Grains

Polish - Not exempt - Bureau

Poultry and Poultry Products

-Additives, such as injected butter, gravy, seasoning, etc., sold in or along with uncooked poultry, do not void the exempt if not in excess of 5% by weight - Bureau
-Blood of poultry and rabbits from which corpses have been removed by centrifugal force (processing by a machine similar to a cream separator) - Exempt - Bureau
-Broth, dehydrated by spray-drying into a powder - Not exempt - Case No. 25
-Carcasses, raw, in marble-size chunks - Exempt Bureau
-Cut up, raw - Exempt - Bureau
-Cut-up, precooked or cooked; same, breaded and/or battered; same, marinated, breaded and/or battered, all frozen or refrigerated - Exempt - Case No. 26
-Deboned, cooked or uncooked, fresh or frozen, in rolls or diced - Exempt Bureau
-Dehydrated, chunked, process includes boiling, grinding, and drying - Not exempt - Case No. 25
-Dinners, cooked and frozen - Exempt - Bureau; see also separate heading: Dinners
-Dressed, fresh or frozen - Exempt - Law



Poultry-Seafoods

-Fat, as removed from poultry, not cooked - Exempt - Bureau
-Fat, skimmed from broth, plain or reduced to powder by spray-drying - Not exempt - Case No. 25
-Feathers - Exempt - Law
-Frozen - Exempt - Law

Rice, see Grains

Rock - Not exempt - Law

Roots, see Forest products, Horticultural commodities, Spices and herbs

Rubber

-Rubber, crude, in bales - Not exempt - Law
-Rubber, latex, natural, liquid, from which water has been extracted and to which ammonia has been added - Not exempt - Law

Rye, see Grains

Sand - Not exempt - Law

Sap, see Forest products

Sawdust, see Forest Products

Sea Creatures, see Fish

Seasoning or salt, added to a commodity within the exemption in insignificant amounts, not considered to affect exempt status of commodity - Bureau

Seaweed, dried, ground - Exempt - Law

-Fat, as removed from poultry, not cooked - Exempt - Bureau
-Fat, skimmed from broth, plain or reduced to powder by spray-drying - Not exempt - Case No. 25
-Feathers - Exempt - Law
-Frozen - Exempt - Law
-Offal, including blood (natural by-products of the killing and processing poultry for market) - Exempt - Case No. 27
-Pickled - Exempt - Law
-Pies, cooked, frozen or unfrozen - Not exempt - Bureau
-Powdered, process includes boiling, fine grinding, and spray-drying - Not exempt - Case No. 25
-Rolled in batter but uncooked - Exempt - Bureau
-Rolls, containing sectioned and deboned poultry, cooked - Exempt - Bureau
-Sticks, cooked - Exempt - Bureau
-Stuffed and frozen - Exempt - Law
-Sturffing, in plastic bags, packed with but not in bird - Exempt - Bureau

Pulp, beet - Not exempt - Law

Pup, sugarcane - Not exempt - Law

Purses, see Fruits

Rabbits

-Rabbits, dressed - Exempt - Law
-Rabbits, wild, skinned - Not exempt - Bureau

Raisins, See Fruits

Ramie Fiber, see Fibers

Seeds-Sludge

Seeds

- Anise, not subject to a manufacturing process - Exempt - Bureau
- Bird seed, see separate heading: Feeds
- Cotton, see separate heading: Cottonseed
- Dawndried - Exempt - Law
- Flax, see separate heading: Flaxseed
- Grass seed - Exempt - Bureau
- Grass seed, packaged in individual boxes and bags - Exempt - Bureau
- Hybrid seed corn - Exempt - Bureau
- Inoculated - Exempt - Law
- Meal made from seeds, see Meal
- Natural - Exempt - Law
- Oil extracted from seeds - Not exempt - Law
- Scarified - Exempt - Law
- Packets or boxes of seeds in display racks - Exempt - Law
- Scarified - Exempt - Law
- Screened or sized - Exempt - Law
- Seed kits, flower or vegetable, consisting of seeds, soil substitutes, and plant food, in growing tray (punch and grow kits) - Not Exempt - Bureau
- Sesame seeds in hulls, bagged - Exempt - Bureau

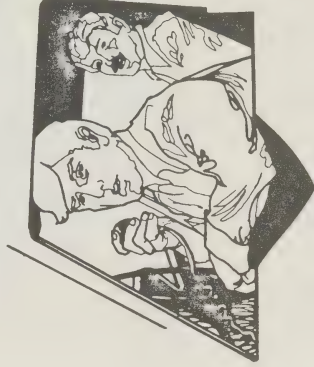
- Sesame seeds, cleaned and dehulled by mechanical process - Exempt - Bureau
- Siftings and screenings consisting of residue from sieving of seeds (not further processed) - Exempt - Bureau
- Soybean seeds, in bags on which are attached a small container of inoculant - Exempt - Bureau
- Spice, see Spices
- Sprayed for disease control - Exempt - Law
- Sunflower seed hulls, lubricated by spraying with hot water to increase density, formed into loose, crumbling pellets - Exempt - Bureau
- Tamarind, ground, comprised of seeds removed from pods without boiling cooking, or the like, and processed only by cleaning and grinding - Exempt - Bureau
- Used as seasonings, not subjected to a manufacturing process - Exempt Bureau
- Shells, see Cocoa bean, Eggs, Fish, Nuts
- Shingle bolts, see Forest Products
- Skins
 - Skins, animal - Not exempt - Law
 - Skins, seal (sea mammal hides) - Not exempt - Bureau
- Sliced, see commodity name: Fruits, Vegetables, etc.
- Sludge, dried sewage - Not exempt - Bureau

Soil

- Soil, potting - Not exempt - Law
- Soil, potting or African Violet Mix consisting of 90% peat, 8% sand and 2% vermiculite - Not exempt - Bureau
- Soil, top - Not exempt - Law
- Sorghum fodder - Exempt - Law
- Sorghum grains - Exempt - Law
- Soup, frozen - Not exempt - Law
- Spanish moss, gathered from trees - Exempt - Bureau
- Spices and Herbs
 - Angelica root - Exempt - Bureau
 - Chicory root, natural or dried - Exempt - Bureau
 - Chili powder, consisting of dried, ground chili pepper pods - Exempt - Bureau
 - Chili powder (mixture of ground peppers, spices and herbs, and a small amount of salt) - Exempt - Bureau
 - Cumin seed - Exempt - Bureau
 - Deer, (or deer's) tongue leaves, natural, dried, or processed in a manner similar to that undergone by redried, tobacco leaf - Exempt - Bureau

Soil-Textile waste

- Ground, but not further processed - Exempt - Bureau
- Paprika, ground - Exempt - Case No. 20
- Pepper, ground, not further processed - Exempt - Bureau
- Raw, unground spices-Exempt-Case No. 20
- Reconditioned spices, ground (screened for removal of impurities but not further processed) - Exempt - Bureau
- Seeds, see also that main heading
- Sweet basil leaves, dried and separated from stems - Exempt - Bureau
- Unground, whether seeds, berries, leaves, bark or roots - Exempt - Law
- Stone, natural, marble or granite - Not exempt - Bureau
- Slover - Exempt - Law
- Straw - Exempt - Law
- Sugar - Not exempt - Law
- Sugar beets - Exempt - Law
- Sugar cane - Exempt - Law
- Sugar cane pulp - Not exempt - Law
- Sugar, raw - Not exempt - Law
- Syrup
 - Syrup, cane - not exempt - law
 - Syrup, maple - not exempt - law
- Tankage, consisting of offal from slaughtered animals - Not exempt - Bureau
- Tea - Not exempt - Law-Ruling 110
- Telephone poles, see Forest products
- Textile waste, see Cotton waste



Tobacco-Vegetables

Tobacco

- Binder tobacco, composed of adhesive materials added to pulverized tobacco, the resultant mixture formed into flat sheets (similar to homogenized tobacco) - Not exempt - Bureau
- Chopped leaf - Exempt - Law
- Cigars and cigarettes - Not exempt - Law
- Fragments, siftings and dust resulting from processes which produce tobacco items within the exemption (i.e. chopped tobacco leaf, redried leaf, etc.); also that which becomes unusable during preliminary handling prior to the manufacture of non-exempt tobacco items - Exempt - Bureau
- Homogenized - Not exempt - Law
- Leaf - Exempt - Law
- Redried leaf - Exempt - Law
- Smoking - Not exempt - Law
- Stem meal - Not exempt - Bureau
- Stemmed leaf - Exempt - Law
- Stems - Exempt - Law
- Tobacco made of ground-up scraps, considered a form of homogenized tobacco - Not exempt - Bureau

Toppoil - Not exempt - Law

Tress, see Forest products

Turtles, see Fish

Vegetables

- Bagged - Exempt - Law
- Beans, dried artificially and packed in small container - Exempt - Law
- Cabbage rolls (heads of cabbage pickled in water and salt after which the leaves are cut off and stuffed with a tomato and whole pepper, in jars with juice of pickled cabbage) - Not exempt - Case No. 18

- Candied sweet potatoes, frozen - Not exempt - Law
- Canned - Not exempt - Law
- Cauliflower, cured in salt brine, shipped in open unsealed containers - Exempt - Case No. 21
- Cooked - Not exempt - Law
- Cooled in water or steam for a period longer than that necessary for the inactivation of the enzymes, or by immersion in oil or fat - Not exempt - Case No. 22
- Cucumbers and other vegetables processed into pickles by the ordinary means - Not exempt - Bureau
- Cucumbers and tomatoes, barrel-cured into Kosher pickles (fresh cucumbers or tomatoes kept in barrel overnight with water, garlic, salt, spices and seasonings, then placed in jars and kept under refrigeration) - Not exempt - Case No. 18
- Cucumber delight (sliced cucumbers with onions, peppers, sugar and salt, in jars or barrels with juices) - Not exempt - Case No. 18
- Cucumbers, salt cured - Exempt - Law
- Cut up, fresh, in cellophane bags - Exempt - Law
- Cured - Exempt - Law
- Dehydrated - Exempt - Law
- Dried, naturally or artificially - Exempt - Law
- French fried onion rings - Not exempt - Case No. 22
- French fried potatoes - Not exempt - Law
- Frozen - Not exempt - Law-Ruling 110

- Garlic paste, made from fresh crushed garlic cloves heated only enough to deactivate the enzymes, small percentage of preservative added - Exempt - Bureau
- Garlic powder - Exempt - Law
- Grated - Exempt - Law
- Mushrooms considered vegetables for purposes of Section 203(b)(6) frozen - Not exempt - Bureau; Freeze dried (frozen, then thawed, then dehydrated) - Exempt - Bureau
- Oil, extracted from vegetables - Not exempt - Law
- Onion chips and flakes, dried - Exempt - Law
- Onion powder - Exempt - Law
- Onion powder, made from onions sauteed in oil and then powdered or dehydrated - Not exempt - Bureau
- Onion rings, frozen, shipped with frozen fish dinners of which they are intended to be a part - Exempt - Bureau
- Onion, cured in salt brine, shipped in open unsealed containers - Exempt - Case No. 21
- Peas, split - Exempt - Law
- Peeled, uncooked - Exempt - Law
- Pepper delight (peppers with vinegar, salt and sugar) - Not exempt - Case No. 18
- Pepper hulls, cured in salt brine, shipped in open unsealed containers - Exempt - Case No. 21
- Peppers and kraut, stuffed (whole peppers filled with sauerkraut in jars with natural sauerkraut juice) - Not exempt - Case No. 18
- Pickled - Not exempt - Case No. 21
- Potato by-product made from raw rejects peeled and washed in caustic solution and hot water, dewatered, dried and ground - Exempt - Bureau.

- Potato by-product, consisting of mashed potatoes recovered from drying machines or gathered as spillage from floor during latter stages of processing of instant mashed potatoes - Not exempt - Bureau
- Potato flakes (cooked and dehydrated flakes of potato) - Not exempt - Bureau
- Potatoes, candied (seet), whipped, rissolo, or puff - Not exempt - Case No. 22
- Potatoes, peeled, sliced, blanched or dipped in preservative solution, but not cooked or otherwise processed - Exempt - Bureau
- Potatoes, peeled and scalded or blanched (not subjected to a greater degree of heat than that necessary to inactivate enzymes) - Exempt - Bureau
- Potatoes, powdered, prepared from potatoes, washed, cooked, peeled, with moisture removed - Not exempt - Bureau
- Powdered, onion and garlic - Exempt - Law
- Precooked, pouch-packed, with or without sauce - Not exempt - Case No. 22
- Products, the ingredients of which include vegetable matter combined with other commodities - Not exempt - Case No. 22
- Quick frozen - Not exempt - Law-Ruling 110
- Romanian kraut (shredded cabbage with juice consisting of water, sugar, celery seed and fresh peppers) - Not exempt - Case No. 18

Vegetables-wool

- Sauerkraut, pickled by keeping shredded cabbage in a barrel for 36-40 hours, thence in cold storage for about 36 hours, then packed in jars with water, sugar, and benzoate of soda (requires refrigerator - Not exempt - Case No. 18
- Sauerkraut, uncoked, pickled, in sealed plastic containers or sealed wooden barrels - Not exempt - Bureau
- Shelled - Exempt - Law
- Soup, frozen - Not exempt - Law
- Soybean meal - Not exempt - Law
- Tomato juice - Not exempt - Bureau
- Tomato paste, consisting of tomatoes heated to 190° - Not exempt - Bureau
- Tomato pomace (residue remaining after juice extraction) - Not exempt - Bureau
- Tomato powder, dehydrated without cooking, (not the residue left after juice extraction) - Exempt - Bureau
- Tomatoes, in salt brine, to preserve freshness while in transit - Exempt - Case No. 21
- Washed, fresh, in cellophane bags - Exempt - Law

- Water, and distilled water - Not exempt - Bureau
- Wax
 - Wax, beeswax, crude, in cakes and slabs - Exempt - Law
 - Wax, carnauba, as imported in slabs and chunks - Not exempt - Law

- Wax, crude candelilla, boiled in water to which some acid is added, purpose of which is not to change the wax in any way but to remove the wax scales from the leaves of the plant on which it forms, and the resulting residue boiled again to remove excess moisture and debris - Exempt - Bureau

Wheat meal, see Fish

Wheat

- Wheat, see Grains
- Wheat products, see Feeds, Flour

Whey

- Whey, powdered or dried - Exempt - Case No. 23

Whey lactose - Exempt - Case No. 29

- Whey powder - produced by separating liquid whey, removing butter fat, drying, steam rolling, cutting, bagging for further drying, grinding and packaging - Exempt - Bureau

Wood, see Forest products

Wool

- Cleaned and scoured after being imported - Not exempt - Bureau
- Grease, as obtained from cleaning or scouring process - Exempt - Law

Wool-Zoo animals

Wool, see Forest products

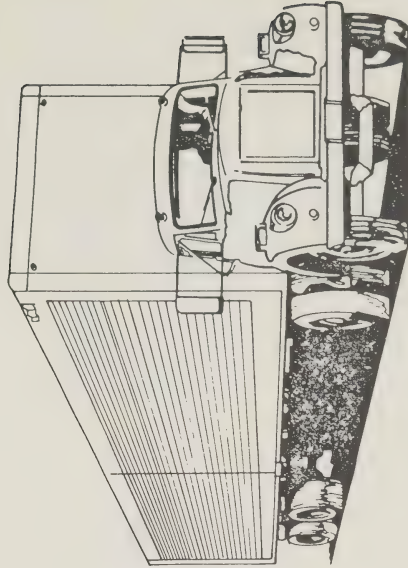
- Worms, blood cultivated in a "farming" type operation in marshy soil) - Exempt - Bureau

- Worms, sea, live (gathered from mud flats, for use as bait) - Exempt - Bureau

- Yeast, brewers' residual, or "bottom yeast" (substance which settles to bottom of vat during fermentation of beer or liquors) - Not exempt - Bureau

Zoo animals - Not exempt - Law

- Imported from any foreign country - Not exempt - Law-Ruling 110
- Mixture of blend of imported and domestic wool - Not Exempt - Bureau
- Pulled wool (wool removed from hides after slaughter) - Not exempt - Bureau
- Raw, cleaned or scoured, but not including wool imported from any foreign country - Exempt - Law-Ruling 110
- Scoured, origin unknown - Not exempt - Bureau
- Tags of domestic wool and mohair (matted and ragged locks as shorn) - Exempt - Bureau
- Waste (carded, spun, woven, or knitted) - Not exempt - Law-Ruling 110
- Yarn - Not exempt - Law



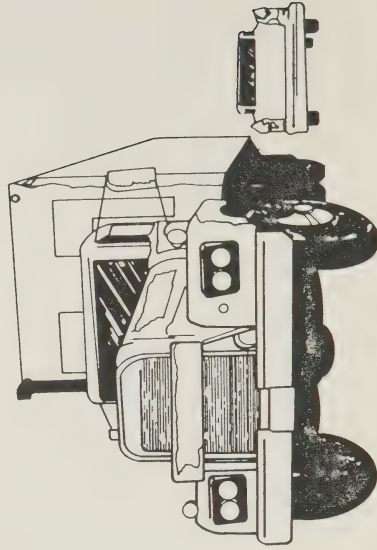
Case List

of Administrative Ruling No. 119

- Case No. 1** - Cossitt Motor Express Inc. - Powdered Milk and Casein, 96 M.C.C. 557
- 2 - Sturgeon and Meeker, Extension - Wheat Bran, 84 M.C.C. 655
- 3 - Atcheson, T. & S.F. Ry. Co., Petition - 103 M.C.C. 364
- 4 - Refrigerated Dispatch Ltd., Inc. - Common Carrier Application, 81 M.C.C. 429
- 5 - Phillips - Common Carrier Application, 82 M.C.C. 528
- 6 - Fred C. Burns, Extension - Alexandria, Va., MC-111875 Sub B, decided Oct. 27, 1960 (not printed)
- 7 - Holt, Extension - Pilings, 77 M.C.C. 141
- 8 - Poole, Extension - Calcium Chloride, 83 M.C.C. 522
- 9 - Edgar H. Allen & Son, Inc., Extension - Old Bridge, N.J., 98 M.C.C. 131

- 10 - Chancy Bros. Truck Line, Extension - Lumber, 73 M.C.C. 85
- 11 - Determination of Commodity Status - Petition, 113 M.C.C. 6
- 12 - Everett - Investigation of Operation, 88 M.C.C. 784
- 13 - Miller's Motor Freight, Inc., MC-41915 Sub 26, decided June 20, 1962 (not printed)
- 14 - Maxwell Co., Extension - Cherries in Brine, 100 M.C.C. 10
- 15 - Holland Highway Express, Inc., Extension - Plantains, 86 M.C.C. 93
- 16 - Producers Transport, Inc., Extension - Soya Bean Husks, 103 M.C.C. 691
- 17 - Kinner - Common Carrier Application, 99 M.C.C. 748
- 18 - Seashore Food Products, Inc. - Declaratory Order, 95 M.C.C. 546
- 19 - Petition for Declaratory Order - Wild Birdseed, 110 M.C.C. 406
- Case No. 20** - Acme Carriers, Inc., Common Carrier Application, 74 M.C.C. 797
- 21 - Hadder Trucking Co., Inc., Extension - Commodities in Brine, 79 M.C.C. 499

- 22 - Frozen Cooked Vegetables - Status, 81 M.C.C. 649
- 23 - Petition of Ida-Cal Freight Lines, Inc., MC-C-3557, Order of August 29, 1962 (not printed)
- 24 - Hughes - "Grandfather" Application, 89 M.C.C. 471, 484-486
- 25 - Henningsen Foods, Inc., Petition, 106 M.C.C. 286
- 26 - Pillsbury Co. et al., v. U.S. et al., 409 US 808 reversing 113 M.C.C. 225
- 27 - Labertew Trucking, Inc., Extension - Poultry Offal, 96 M.C.C. 370
- 28 - Grant's Trucking Co., Petition-Oyster Shells, 118 M.C.C. 892
- 29 - I.C.C. v. Schaetzel, 339 F. Supp. 1345 (1972)
- 30 - Forest Transport Corp., MC 138702 sub 2 decided April 8, 1974
- 31 - Anderson Peat Co., Petition, 119 M.C.C. 494
- 32 - Arkansas Rice Growers Corp. Assn., Petition, MC-C-7949 - Initial decision served January 11, 1974, final report pending



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Ariz.	Phoenix 85025 Federal Bldg. 230 North First Ave.				Minn.	Minneapolis 55401 U.S. Courthouse Bldg. & U.S. Courthouse Plaza 110 South Fourth St.	612-725-2226	NY	Albany 12201 518 New Federal Bldg. Maiden Lane & Broadway	518-472-2273
Ark.	Little Rock 72201 3108 Federal Building				Miss.	Jackson 39201 145 East Armitie Bldg. Room 212	601-969-1957 or 4568		Buffalo 14202 910 Federal Building 111 West Huron St.	716-842-2008
Calif.	Los Angeles 90012 1321 Federal Building 300 North Los Angeles Street				Mo.	Kansas City 64106 600 Federal Building 911 Walnut Street	816-374-5581		New York 10007 25 Federal Plaza Room 1807	212-264-1072
	San Francisco 94102 13001 Federal Bldg. 1200 Golden Gate Ave. P.O. Box 36004	Iowa	Des Moines 50309 518 Federal Building 210 Walnut Street	515-284-4418		St. Louis 63101 210 Walnut 12th Street Room 165	314-425-4103	NC	Syracuse 13202 104 O'Donnell Bldg. 301 Erie Blvd., West	315-473-3440
Colo.	Denver 80202 Room 492, U.S. Customs House 721 19th Street	Kans.	Topeka 66603 234 Federal Bldg.	913-224-4081 Ext. 401	Mont.	Billings 59101 2702 1st Avenue, North	406-245-6711 Ext. 6261 or 6350		Charlotte 28205 Room CC-516 Mart Office Building 800 Briar Creek Road	704-372-0711 Ext. 451
Conn.	Hartford 06101 324 U.S. Post Office 135 High Street		Wichita 67202 501 Petroleum Bldg. 221 South Broadway	316-267-4311 Ext. 608	Nebr.	Lincoln 68508 285 Federal Bldg. & U.S. Courthouse 100 Centennial Mall North	402-471-5088		Raleigh 27611 624 Federal Bldg. 515 New Center Ave. P.O. Box 26896	919-755-4650
DC	Washington 20423 ICC Bldg. Bureau of Operations 1000 New York Ave. Bldg. 12th & Conit. N.W.	Ky.	Lexington 40505 216 Bahamas Building 1500 West Main Street	606-250-2212 2511 or 2176		Omaha 68102 U.S. Courthouse 110 North 14th Street	402-521-4644	N. Dak.	Fargo 58102 P.O. Box 2340, Federal Bldg. & U.S. Post Office 637 Second Ave. North	701-237-5771 Ext. 5285
Fla.	Jacksonville 32202 288 Federal Bldg. Bldg. Box 35008 400 West Bay Street	La.	New Orleans 70113 T-9038 Federal Bldg. & U.S. Post Office 701 Loyola Avenue	504-584-4101 or 504-584-6102	Nebr.	Carson City 89701 203 Federal Bldg. 705 North Plaza St.	702-482-2088	Ohio	Cincinnati 45202 5514.8 Federal Bldg. 550 Main Street	513-684-2975 or 513-684-2978
	Miami 33166 Monterey Building, Suite 101 8410 N. W. 53rd Terrace	Mass.	Portland 04112 305 U.S. Post Office & Courthouse 76 Pearl Street	207-775-5131					Cleveland 44109 181 Federal Bldg. 1240 East Ninth Street	216-525-4000 or 216-522-4001
		Md.	Baltimore 21201 State Center Bldg. Charles Center 31 Hopkins Plaza	301-862-2560					Columbus 43215 220 Federal Bldg. and U.S. Courthouse 500 Harcourt Bldg.	614-468-5620
									Toledo 43604 313 Federal Bldg. 234 Summit Street	419-258-7446 or 419-258-7487

Okla.	Oklahoma City 73102 240 Old Post Office and Courthouse 215 Northwest Third St.	405-231-4468	Tex.	Fort Worth 76102 Richard H. Poff Federal Bldg. 819 Taylor Street	817-334-2637
Oreg.	Portland 97204 114 Federal Courthouse 555 S.W. Yamhill Street	503-221-3102		Houston 77002 8610 Federal Bldg. 515 Federal Bldg. P.O. Box 61212 mailing address Houston, Tex. 77061	713-228-4241
Pa.	Harrisburg 17108 278 Federal Bldg. 228 Walnut Street P.O. Box 859	717-782-4437		San Antonio 78206 Room B-400 Federal Building 727 E. Durango	512-225-5511 Ext. 4318 or 4319
	Philadelphia 19106 William J. Green, Jr., Federal Bldg. 600 Arch Street, Room 3238	215-597-4448 or 215-597-4443	Utah	Salt Lake City 84138 5301 Federal Bldg. 125 South State Street	801-524-5600
	Pittsburgh 15222 2111 Federal Building 1000 Liberty Avenue	412-644-2929	VI.	Montpelier 05602 87 State Street, Room 303 Mailing Address: P.O. Box 548	802-223-4001
	Scranton 18503 314 U.S. Post Office North Washington Ave. and Linden Street	717-344-7111 Ext. 324	Va.	Richmond 23240 10-502 Federal Bldg. 400 North Eighth Street	804-782-2541
RI	Providence 02903 187 Westminster street Room 401	401-528-4306		Roanoke 24011 Mailing Address: P.O. Box 210 722 Richard H. Poff Federal Bldg. 210 Franklin Road, S.W.	703-862-4355
SC	Columbia 29201 RM 302, 1400 Building 1400 Pickens Street	803-785-5386	Wash.	Seattle 98174 858 Federal Building 915 Second Avenue	206-443-5421
S. Dak.	Pierre 57501 369 Federal Bldg.	605-224-2812	W. Va.	Charleston 25301 100 Federal Bldg. 500 Quarrier Street	304-343-6161 Ext. 354 or 355
Tenn.	Memphis 38103 435 Federal Bldg. 167 North Main St.	901-534-3437		Wheeling 26003 416 Old Post Office Bldg. 12th & Chapline Streets	304-232-6960
	Nashville 37203 Federal Building, 801 Broadway A422	615-748-5391	Wia.	Madison 53703 139 West Wilson Street Room 202	608-255-5218
Tex.	Amarillo 79101 1001 Westing Plaza 317 East Third St.	806-371-2138		Milwaukee 53203 335 West Wells Street Room 807	414-224-3183
	Dallas 75242 Room 13C12 1100 Commerce St.	214-748-3661	Wyo.	Casper 82501 1006 Federal Bldg. & Post Office 100 East B. Street	307-285-5550 Ext. 3243

*This is the list of the Commission's field offices and telephone numbers as of April, 1976. Should you have any difficulties contacting an office, please consult your local telephone directory.

"ARRANGEMENT DE RECIPROCITE EN MATIERE D'IMMATRICULATION DE VEHICULES AUTO-MOBILES ENTRE LA PROVINCE DE QUEBEC ET LA PROVINCE D'ONTARIO"

"AGREEMENT RESPECTING RECIPROCITY IN THE MATTER OF REGISTRATION OF CERTAIN MOTOR VEHICLES BETWEEN THE PROVINCE OF ONTARIO AND THE PROVINCE OF QUEBEC"

Dans le présent arrangement, les expressions suivantes signifient:

In this agreement:

"transport privé": l'utilisation d'un véhicule désigné comme "véhicule de livraison" au Québec et comme "commercial vehicle" en Ontario pour le transport de biens qui sont la propriété du propriétaire de ce véhicule;

"private carriage" means the operation of a vehicle designated as "delivery vehicle" in Quebec and as "commercial vehicle" in Ontario for the transportation of goods which are the property of the owner of this vehicle;

"place d'affaires": dans le cas d'une personne effectuant un transport privé, l'endroit où elle exploite une entreprise qui n'est pas une entreprise de transport;

"place of business" means, in the case of a person engaged in private transportation, the place where this person operates an enterprise which is not an enterprise of transportation;

"transporteur public": une entreprise de transport routier qui détient un permis délivré en vertu de la loi sur le transport par véhicule à moteur, Statuts révisés du Canada, 1970, chapitre M-14, pour la province d'Ontario et la province de Québec et comprend le transport de biens visés au sous-paragraphe e) du paragraphe 3 ci-dessous.

"public carrier" means an enterprise of road transportation which holds a permit issued pursuant to the Motor Vehicle Transport Act, Revised Statutes of Canada, 1970, ch. M-14, for the Province of Ontario and the Province of Quebec and includes the transportation of goods designated in sub-paragraph e) of paragraph 3 hereafter.

Cet arrangement a pour objet de désigner des catégories ou classes de véhicules et des produits qui peuvent être transportés entre les provinces de Québec et d'Ontario et d'édicter les conditions et restrictions applicables à ces véhicules.

The purpose of this agreement is to designate categories or classes of vehicles and products which may be carried between the provinces of Quebec and Ontario and to provide for conditions and restrictions applicable to these vehicles.

1. Toute personne qui effectue un transport privé, qui a une place d'affaires au Québec seulement et dont le véhicule est immatriculé dans la province de Québec, peut utiliser son véhicule pour transporter des biens de la province d'Ontario à la province de Québec, ou pour transporter des biens de la province de Québec à la province d'Ontario sans que ce véhicule soit immatriculé dans la province d'Ontario.

1. A person engaged in private transportation who has a place of business in the Province of Quebec only and whose vehicle is registered in the Province of Quebec may use his vehicle for the transportation of goods from the Province of Ontario to the Province of Quebec, or for the transportation of goods from the Province of Quebec to the Province of Ontario, without this vehicle being registered in the Province of Ontario.


2. Toute personne qui effectue un transport privé, qui a une place d'affaires en Ontario seulement, et dont le véhicule est immatriculé dans la province d'Ontario, peut utiliser son véhicule dans la province de Québec pour transporter des biens de la province d'Ontario à la province de Québec ou pour transporter des biens de la province de Québec à la province d'Ontario sans que ce véhicule soit immatriculé au Québec.
3. Sous réserve du paragraphe 5 ci-dessous, un transporteur public dont la principale place d'affaires est située dans la province de Québec et dont le véhicule est immatriculé dans la province de Québec peut utiliser ce véhicule dans la province d'Ontario pour transporter des biens de la province de Québec à la province d'Ontario, ou pour transporter des biens de la province d'Ontario à la province de Québec, sans que ce véhicule ne soit immatriculé dans la province d'Ontario lorsque les biens transportés sont:
 - a) des meubles meublants usagés, non emballés au moyen d'emballages construits spécifiquement pour chacun de ces meubles, des objets ou des biens utilisés pour la production de spectacles ou expositions culturels y compris des représentations musicales ou de ballet ou des spectacles de théâtre, à la condition toutefois que ces spectacles, expositions ou représentations soient faits ou donnés sans but lucratif;
 - b) des produits naturels de la ferme transportés du lieu de production, de cueillette ou d'extraction à une installation de transformation ou à un marché ou chez un marchand;
2. A person engaged in private transportation who has a place of business in the Province of Ontario only and whose vehicle is registered in the Province of Ontario may use his vehicle in the Province of Quebec for the transportation of goods from the Province of Ontario to the Province of Quebec, or for the transportation of goods from the Province of Quebec to the Province of Ontario, without this vehicle being registered in the Province of Quebec.
3. Subject to paragraph 5 hereafter, a public carrier whose principal place of business is located in the Province of Quebec and whose vehicle is registered in the Province of Quebec may use his vehicle in the Province of Ontario for the transportation of goods from the Province of Quebec to the Province of Ontario, or for the transportation of goods from the Province of Ontario to the Province of Quebec, without this vehicle being registered in the Province of Ontario provided the goods transported are:
 - a) used, uncrated household goods or objects and materials used in the production of cultural presentations and/or exhibitions, including musical and ballet presentations and art exhibitions, if such presentations or exhibitions are not carried on solely for the purpose of financial gain;
 - b) natural products of the farm carried from the place of production, harvesting or extraction to a processing plant, market or merchant's establishment;

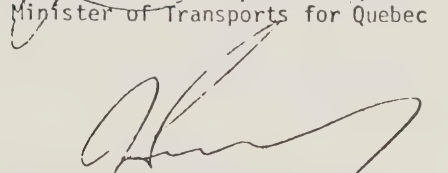
3. c) des animaux vivants;
 - d) des produits de laiterie, crème-rie ou fromagerie;
 - e) du bois de pulpe coupé mais non transformé, des copeaux de bois, du bran de scie, du bois de corde destiné au chauffage ou des bûches.
 4. Sous réserve du paragraphe 5 ci-dessous, un transporteur public dont la principale place d'affaires est située dans la province d'Ontario et dont le véhicule est immatriculé dans la province d'Ontario peut utiliser ce véhicule dans la province de Québec pour transporter des biens de la province d'Ontario à la province de Québec ou pour transporter des biens de la province de Québec à la province d'Ontario sans que ce véhicule ne soit immatriculé dans la province de Québec lorsque les biens transportés sont:
 - a) des meubles meublants usagés, non emballés au moyen d'emballages construits spécifiquement pour chacun de ces meubles, des objets ou des biens utilisés pour la production de spectacles ou expositions culturels y compris des représentations musicales ou de ballet ou des spectacles de théâtre, à la condition toutefois que ces spectacles, expositions ou représentations soient faits ou donnés sans but lucratif;
 - b) des produits naturels de la ferme transportés du lieu de production, de cueillette ou d'extraction à une installation de transformation ou à un marché ou chez un marchand;
3. c) live animals;
 - d) dairy products, cream or cheese;
 - e) unprocessed pulpwood, wood chips, sawdust, cordwood.
 4. Subject to paragraph 5 hereafter, a public carrier whose principal place of business is located in the Province of Ontario and whose vehicle is registered in the Province of Ontario may use his vehicle in the Province of Quebec for the transportation of goods from the Province of Ontario to the Province of Quebec, or for the transportation of goods from the Province of Quebec to the Province of Ontario without this vehicle being registered in the Province of Quebec provided the goods transported are:
 - a) used, uncrated household goods or objects and materials used in the production of cultural presentations and/or exhibitions, including musical and ballet presentations and art exhibitions, if such presentations or exhibitions are not carried on solely for the purpose of financial gain;
 - b) natural products of the farm carried from the place of production, harvesting or extraction to a processing plant, market or merchant's establishment;

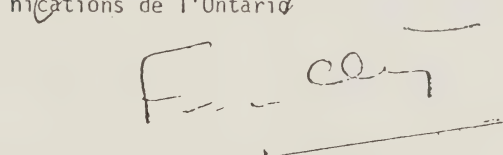
4. c) des animaux vivants;
d) des produits de laiterie, crème-rie ou fromagerie;
e) du bois de pulpe coupé mais non transformé, des copeaux de bois, du bran de scie, du bois de corde destiné au chauffage ou des bûches.
 5. Le présent arrangement ne dispense pas un transporteur contre rémunération de l'obligation de détenir tout permis prescrit par un règlement adopté en vertu de la Loi des transports du Québec (L.Q. 1972, ch. 55) et ses amendements ou par l'ordonnance générale 4995 sur le camionnage adoptée par la Régie des transports (du Québec) et ses amendements.
 6. Il est aussi convenu que dans le cas d'un transporteur détenant un permis de camionnage en vrac délivré en vertu du règlement 12 sur le camionnage en vrac adopté par l'arrêté en conseil 2389-73 du 29 juin 1973 et ses amendements, le droit annuel payable pour un détenteur de l'Ontario d'un tel permis ne soit pas supérieur à \$15 par véhicule.
 7. Le présent arrangement entrera en vigueur le 15 novembre 1975, sous réserve qu'il soit approuvé par le lieutenant-gouverneur en conseil de la province d'Ontario et que le ministre des transports et communications de la province d'Ontario en devienne partie et de son adoption par le lieutenant-gouverneur en conseil de la province de Québec.
4. c) live animals;
d) dairy products, cream or cheese;
e) unprocessed pulpwood, wood chips sawdust, cordwood.
 5. This agreement does not waive a public carrier from the obligation to hold any permit prescribed by a regulation adopted pursuant to the Quebec Transport Act (L.Q. 1972, ch. 55) and its modifications or by General Order 4995 on trucking adopted by the (Quebec) Transport Board and its modifications.
 6. It is further agreed that in the case of a carrier holding a permit for bulk trucking delivered pursuant to Regulation 12 on bulk trucking adopted by Order in Council 2389-73 of the 29th of June, 1973, and its modifications, the annual fee payable by the Ontario holder of such a permit will not be more than \$15.00 per vehicle.
 7. This agreement shall come into force on the 30th of November 1975, provided it is approved by the Lieutenant-Governor in Council of the Province of Ontario and provided that the Minister of Transportation and Communications of the Province of Ontario becomes party of this agreement and provided also that it is adopted by the Lieutenant-Governor in Council of the Province of Quebec.

EN FOI DE QUOI les présentes ont été
signées en triple original à Toronto
pour l'Ontario, le 27 novembre 1975
et à Québec pour le Québec, le 19
septembre 1975.

IN WITNESS WHEREOF these presents have
been executed in triplicate at Toronto
for Ontario, on the 27th of November, 1975
and at Quebec City for Quebec on the 19th
of September, 1975.


Ministre des Transports du Québec
Minister of Transports for Quebec


Minister of Transportation and
Communications for Ontario
Ministre des Transports et Commu-
nications de l'Ontario


Ministre des Affaires intergouver-
nementales du Québec
Minister of Intergovernmental
Affairs for Quebec

1. MOHAWK COLLEGETransportation Planning Technology (3 Years)

1. A Co-op Program
2. 1st Graduate Class '76 - 15-20 (All Employed)
3. Enrollment September '76 - 32
4. Enrollment September '77 (Est.) - 40
5. Employment Areas - Traffic Planning
 - Traffic Engineering
 - Consulting Engineering

2. SHERIDAN COLLEGEa) Motor Carrier Administration (1 Year)

1. Commencing September '78
2. Present Indication of Enrollment - 25
3. Employment Areas - Trucking/Carrier Firms

b) Transportation Planning (2 Years)

1. Enrollment '75/'76 - 38
2. 2nd Year '76/'77 - 17 into Transportation Planning
21 into Community Planning
3. Graduates '74 and '75 - 10 per year
'76 - 8
4. Employment Areas - Planning Technician
 - Urban Transit Planning and Scheduling
 - Customs
 - Traffic Planning

3. HUMBER COLLEGETransportation Systems Planning Technology (3 Years)

1. Enrollment '76/'77 - 8
2. Anticipated Enrollment '77/'78 - 15
3. No Graduates (Commenced September '76)
4. Closely Related to Civil Technology - Allows Transfers
5. Employment Areas - Traffic Analysis
 - Transportation Studies
 - Urban and Regional Transit Planning and Design

4. CENTENNIAL COLLEGEUrban Transit Operations (2 Years)

1. Commences September 1977
2. Emphasis on Business (Option of General Business)
3. Directed to Operations Side of Transit Industry
4. Enrollment Target 1977 - 30-35
5. Employment Areas - Fleet Management
 - Scheduling
 - Routing
 - Manpower Planning
 - Municipal Transit Planning

5. GEORGE BROWN COLLEGEa) Truck and Tractor Trailer Driver (4 Weeks Average)

1. Enrollment (current) - 50 (35 M/P)
(15 F.P.)
2. Offer 4 week Upgrading Course at Night
(Extension)- in co-operation with OTA
- Enrollment - 20-22
3. Offer Saturday Courses - 12
4. College Operates 11 Tractor Trailers
5. Employment Areas - Trucking/Carrier Industry

b) Straight Truck Driver (3 Weeks Average)

1. Enrollment (current) - 20 (7 M/P)
(13 F.P.)
2. College Operates 6 Trucks
3. Employment Areas - Local and Long Distance
- Trucking Industry

SHERIDAN COLLEGE - OAKVILLE CAMPUSTRANSPORTATION PLANNING

Duration: 2 years
 Approved: January, 1972
 Commencement Date: September, 1972
 Prerequisite: 1 Year of Community Planning
 (First year of Community Planning
 and Transportation common)

Program Objective

To prepare students for the role of transportation technician qualified for work in the following fields: traffic surveying, road analysis, highway planning and design, and passenger and cargo operations by the various modes.

Program of Studies

Transportation Planning (Common with Community Planning)		Year 1
<u>Course Title</u>		<u>Credit Value</u>
Drafting 1		3
Surveying		1.5
Map & Air Photo Interpretation		1.5
Planning Theory 1		3
Transportation Planning Procedures		3
Numerical Methods		1.5
Statistics		3
Computer Applications		1.5
English and Media Studies 1		4
*College Electives		3
Total		25

*Students are advised to take Traffic Management 1 (TMD1100) as an elective.

Program of Studies

Transportation Planning		Year 2
<u>Course Title</u>		<u>Credit Value</u>
Introduction to Transportation Systems		3
Traffic Management 2		3
Operational Characteristics		1.5
Traffic Surveys		1.5
Traffic Control		1.5
Capacity Analysis		1.5
Transportation Law		2
Geometric Design		1
Construction Techniques		1
Transportation Technology		3
English and Media Studies 2		3
College Electives		3
Total		27

Career Opportunities

The transportation systems studied include highway design and planning, railroads, airlines, fast suburban trains.

The Transportation Planning program gives the students the technical training and background necessary to study the problems of transportation and to devise and implement new methods that will resolve them.

Graduates of this program will therefore be able to step into any one of several rewarding careers in the field of transportation.

These careers include: highway planning, design and maintenance; railway passenger and cargo operations; airport planning; private industry such as trucking or shipping companies; government agencies charged with local, provincial or federal responsibilities of traffic and transportation; consulting firms providing professional advice on specific projects.

HUMBER COLLEGE - REXDALE CAMPUSTRANSPORTATION SYSTEMS PLANNING TECHNOLOGY

Duration: 3 years (6 semesters)
 Approved: September 29, 1975
 Commencement Date: September, 1976

Program Objective

To train Technologists to participate in the Process of Planning of Transportation Systems by applying modern procedures to evaluate demand and to assess the best means to satisfy the transportation needs. The graduate will be able to participate in the functional and final design of Transportation Facilities. Also, the graduate will be able to function as a traffic analyst and carry out movement operation studies and supervise movement of goods and people.

Program of StudiesSEMESTER 1

<u>Course</u>	<u>Credits</u>
Mathematics I	4
Introduction to Public Relations	4
Statistical Methods	3
Surveying I	6
Construction Graphical Communications	4
English	4
Technical Option	<u>4</u>
	29

SEMESTER 2

Mathematics II	4
Systems Technology	4
Economics	4
Traffic Survey Methods	4
Sociology	4
Theory of Traffic Flow	4
English	<u>4</u>
	28

SEMESTER 3

Mathematics III	4
Computer & Data Processing Technology	4
Vehicle-Road-Driver System	3
Highway Technology	6
Demand Actuated Travel	3
Data Collection & Analysis	4
Elective	<u>4</u>
	28

SEMESTER 4

Statistics	4
Land Use and Location of Economic Activity	4
Principles of Urban Regional Planning	4
Urban Transportation - Mass Transit	6
Mathematical Models for Transportation Planning	4
Technical Report	2
Elective	<u>4</u>
	28

SEMESTER 5

Movement of Raw Materials and Processed Goods	4
Principles of Cost - Benefit Analysis	4
Town Planning	2
Technology, Environment & Quality of Life	4
Computer & Data Processing Technology	4
Transportation Industries (Management & Operational Economics)	4
Development of Alternative Transportation Schemes	<u>6</u>
	28

SEMESTER 6

Transportation Planning (Project & Report)	12
Evaluation & Selection of Final Plan	4
Urban Economic Activity	4
Public Relations	4
Writing	
Elective	<u>4</u>
	28

Career Opportunities

An inquiry was undertaken of people in responsible positions in the field of Transportation to acquire an indication of their opinion on the possible additional job opening in the field within the next five years.

The indications are as follows.

1. GOVERNMENT

- i) Federal (Ministry of Transport)
- ii) Province of Ontario (Ministry of Transportation & Communications)
- iii) Metro Toronto, (Public Transit, Planning, Operations and Management)
- iv) Peel Region
- v) Toronto Region
- vi) Durham Region
- vii) Boroughs within and near Metro Toronto
- viii) Municipalities throughout Ontario

2. INDUSTRIES

- i) Trucking
- ii) Contractors of Transportation Works
- iii) Urban Transportation Technology
(Vehicle, Signal, truck and mode exchange)
- iv) Car and truck manufacture

3. TRANSPORTATION RESEARCH

Federal & Provincial

4. ENGINEERING

Transportation Consulting Firms

CENTENNIAL COLLEGE - ASHTONBEE CAMPUSUrban Transit Operations

(An Option to General Business)

Duration: 2 Years (4 semesters)
 Approved: September, 1975
 Commencement date: September, 1975

Program Objectives

To educate and train students and others currently employed to move into the growing but undermanned field of transit operations.

Program of Studies

Semester I	Accounting I (introductory) Introductory Marketing Manufacturing English Business Mathematics Electronic Data Processing
Semester II	Accounting II Investment Analysis Behaviour English Transit Operations I <u>Urban Geography</u>
Semester III	Economics Quantitative Methods General Education Elective Transit Operations II <u>Transit Project</u> <u>Transit Planning</u>
Semester IV	Economics Quantitative Methods II General Education Elective Transit Operations III <u>Manpower Planning</u> <u>Transit Management</u>

Career Opportunities

In the planning and development of transit systems within Metropolitan and Municipal areas.

GEORGE BROWN COLLEGESTRAIGHT TRUCK DRIVER

Duration: 3 weeks (average)

Program Objective

To enable the graduate to drive any conventional straight truck in urban areas and on public highways in a safe and efficient manner acceptable to the public.

Program of Studies

General Introduction to Training

Introduction to Various Types of Equipment

Pretrip Inspection Procedures

Driver Responsibility

Major Components

Driving and Manoeuvring.

Regulations

Various Loading Procedures and Load Security

Documentation

Defensive Driving.

Career Opportunities

May start as a driver within the Transportation Industry such as transport companies, private fleets, cartage operations, local retail delivery, household goods moving, owner operator, and may have the opportunity to advance to supervisory levels based on the initiative of the individual.

GEORGE BROWN COLLEGETRACTOR - TRAILER DRIVER

Duration: 4 weeks (average)

Program Objective

To enable the graduate to drive any conventional tractor-trailer in urban areas and on public highways in a safe, efficient manner acceptable to the public. The student may have the basic capability to acquire specialized knowledge relating to the specific requirements of individual classes of carrier operations.

Program of Studies

General Introduction to Training
Introduction to Various Types of Equipment
Pretrip Inspection Procedures
Driver Responsibility
Major Components
Tractor Trailer Coupling and
Uncoupling Procedures
Driving and Manoeuvring
Regulations
Various Loading Procedures and Load Security
Documentation
Defensive Driving.

Career Opportunities

May start as a driver within the Transportation Industry such as transport companies, private fleets, cartage operations, local retail delivery, household goods moving, owner operator, and may have the opportunity to advance to supervisory levels based on the initiative of the individual.

THE ONTARIO MANAGEMENT DEVELOPMENT PROGRAM

This program is coordinated and administered by the Ministry of Colleges and Universities with the educational objective to improve managerial and supervisory capabilities in business and industry throughout Ontario. The focus of the program is on the small and medium-sized business and industry owner/manager, and the prime delivery system used by the Ministry in reaching this market is the 22 community college system of the province.

The case method of instruction is used, allowing course participation at any level of experience of formal education. Participation is also encouraged by the flexibility in course scheduling - from a "crash" basis of 2½ days to a one night per week arrangement for 10 weeks. Each session is approximately 2 to 2½ hours, and courses comprise 10 or more sessions. This flexibility permits colleges to provide courses both on and off campus, and into the far recesses of their geographic areas.

The attached list of courses indicates standard offerings throughout the province. There are currently 61 courses in English and 28 in French available. These can be supplemented by colleges with their own prepared courses in response to special client requirements. In addition, certain government-sponsored seminars are delivered to business and industry through the program. All indicated courses and seminars are in a continuous state of updating and adjustment to maintain market relevance. New courses are also being developed.

This program is not to be confused with the full-time post-secondary or general extension programs of colleges. In addition to OMDP, many colleges offer extension management training, frequently under non-post-secondary, certificate programs.

In the 1975/6 fiscal year, over 10,000 registrants participated in OMDP.

March 7, 1977)

OMDP STANDARD COURSES AT DECEMBER 1, 1976

OMDP

Course No.Course TitleBUSINESS AND MANAGEMENT - GENERAL

64-02	Retail Management (FBDB)
67-03	How to Start a Business (FBDB)
71-01	General Management
72-07	Management for Results
72-13	Business Development (FBDB)
74-02	Successfully Operating Your Business
75-08	Municipal Management for Results

PLANNING, INFORMATION AND CONTROL SYSTEMS

68-02	Business Law (FBDB)
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COMPUTER APPLICATIONS

72-05	Computer Concepts for Management
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MARKETING

65-01	Marketing for Service Businesses (FBDB)
65-02	Marketing for Manufacturers (FBDB)
66-01	Marketing for Manufacturers' Agents (FBDB)
67-01	Marketing for the Hospitality Industry (FBDB)
68-03	Marketing Management for the Middleman (FBDB)
70-02	Retail Selling (FBDB)
72-08	Managing the Marketing Function
72-09	Planning Profitable Advertising
72-12	International Marketing (FBDB)
72-20	Psychology of Professional Selling (Superseded by 76-10)
73-02	Planning Public Relations
73-08	Practical Decision-Making in Marketing (FBDB)
75-07	Managing the Field Sales Force
76-06	Exporting (FBDB)
76-10	Psychology of Professional Selling

FINANCE

63-01	Bookkeeping (FBDB)
63-02	Management Accounting (FBDB)
64-01	Farm Management Accounting (FBDB)
67-02	Farm Cost Accounting (FBDB)
68-01	Credit and Collections (FBDB)
70-01	Planning for Profits
71-03	Financial Management for Hospitality/Tourism
72-14	Cost Accounting (Manufacturing) (FBDB)
74-03	Financial Management (FBDB)
76-02	Management Approach to Credit and Collections
76-03	Small Business Financial Management (FBDB)
76-04	Basic Financial Controls (FBDB)
76-05	Taxation (FBDB)

OPERATIONS MANAGEMENT

69-01	In-Plant Automation
71-02	Work Study
72-04	Work Simplification
72-06	Job Enrichment for Administration
72-15	Manufacturing, Planning and Control (FBDB)
73-09	Purchasing (FBDB)
75-05	Labour Relations in Production
75-06	Job Enrichment for Production
76-01	Labour Relations in Construction

SUPERVISION AND FOREMANSHIP

72-01	Effective Supervision - Construction
72-02	" " - Mining
72-03	" " - Safety
73-01	" " - Hospitals
73-03	" " - Public Administration
73-04	" " - Human Relations for the Public Service
73-05	" " - Communications for the Public Service
73-06	" " - Production for Supervisors in the Public Service
74-01	" " - Hospitality/Tourism
75-01	" " - Human Relations
75-02	" " - Communications
75-03	" " - Administration
75-04	" " - Production

PERSONNEL MANAGEMENT

66-02	Personnel (FBDB)
73-10	Human Resources Management (FBDB)
75-09	Personnel Selection Techniques

OMDP STANDARD COURSES AT DECEMBER 1, 1976

(IN FRENCH)

OMDP
Course No.Course TitleADMINISTRATION DES AFFAIRES

72-17F Développement des Affaires (FBDB)
 73-07F Les Achats (FBDB)
 74-05F Administration du Commerce de Détail (FBDB)
 74-07F Planification et Contrôle de la Production (FBDB)
 76-07F Droit des Affaires (FBDB)

MARKETING

64-03F Le Fabricant et la Commercialisation de Son Produit
 72-18F Exportation (FBDB)
 73-12F Le Marketing (FBDB)
 73-13F Psychologie de la Vente Professionnelle (FBDB)
 74-04F Votre Publicité et le Consommateur (FBDB)
 74-08F Marketing/Services (FBDB)
 75-10F Marketing Touristique (FBDB)
 76-08F La Vente au Détail (FBDB)

GESTION FINANCIERE

70-03F Comptabilité Administrative (FBDB)
 71-05F Comptabilité - Prix de Revient (FBDB)
 72-11F Gestion Comptable (FBDB)
 72-16F Credit et Recouvrement (FBDB)
 72-19F Comptabilité Administrative de la Femme (FBDB)
 72-22F Contrôles Comptables (FBDB)
 73-14F Impôts (FBDB)

PRODUCTION

71-04F Surveillance Efficace Relations Humains
 72-10F " " Relations Ouvrières pour les
 Superviseurs à la Production
 72-21F " " de la Construction
 72-23F " " de la Production
 72-24F " " - Communications
 74-09F " " de l'Administration

PERSONNEL

73-11F Gestion du Personnel (FBDB)
 74-06F Administration du Personnel (FBDB)

OMDP SEMINARS AT DECEMBER 1, 1976

OMDP

Seminar No.

76-09S

Ontario Retail Sales Tax

76-11S

How to Keep Government Inspectors Off Your Back

MOHAWK COLLEGE - FENNELL CAMPUSTransportation Planning Technology

Duration: 3 Years (6 Semesters)
 Approved: December, 1972
 Commencement date: September, 1973

Program Objectives

The objectives of the program is to provide an understanding of the problems encountered in the movement of persons and goods and to train men and women in the methods of achieving efficient, economical and practical solutions to these problems. The program embraces studies in Transportation Planning, Traffic Engineering, and Goods Movement and includes such topics as the relationships between land use and transportation, mass transportation, physical distribution, traffic control, economics, mathematics, data processing and system analysis.

Program of Studies

<u>First Semester</u>	<u>Hours per Week</u>
Transportation Planning I	4
Graphics	3
Vehicle Characteristics	4
Data Processing I	4
Communication Skills	4
Mathematics	4
Urban Economics I	4
Physical Education	1
<hr/>	
Total Hours	28
<u>Second Semester</u>	
Transportation Planning II	4
Graphics	3
Traffic Studies	4
Data Processing II	4
Literature	4
Mathematics	4
Urban Economics II	4
Physical Education	1
<hr/>	
Total Hours	28

Program of Studies

<u>Third Semester</u>	<u>Hours per Week</u>
Traffic Engineering	4
Surveying	4
Transportation Economics I	4
Information Systems Design I	4
Communications	3
Mathematics	4
Statistics	3
<hr/>	
Total Hours	26

<u>Fourth Semester</u>	
Traffic Engineering Applications	4
Geometric Design I	4
Information Systems Design II	4
Mathematics	4
Statistics	3
Transportation and Land Use	3
Liberal Studies Elective	3
Transportation Modes	3
<hr/>	
Total Hours	28

<u>Fifth Semester</u>	
Transportation Planning III	4
Geometric Design II	4
Physical Distribution	4
Public Transportation	4
Transportation Project I	5
Operations Research	4
Transportation Economics II	4
<hr/>	
Total Hours	29

<u>Sixth Semester</u>	
Traffic Networks	4
Management Systems	4
Goods Movement	4
Transportation Project II	4
Real Time Transportation Systems	4
Human Relations and Labour Organization	4
<hr/>	
Total Hours	24

Career Opportunities

The graduate may work for federal, provincial and municipal government departments, for distributing companies, trucking firms, shipping lines, airlines and railways, etc. The graduate of this program will be involved in one or more of the following responsibilities:

- a) Collection of relevant data such as parking activity, traffic movement, etc.
- b) Analysis of such data.
- c) Design of new traffic facilities incorporating proposals for intersection, improvement, methods of handling truck traffic, traffic control, parking plans, public transit systems and other associated elements.
- d) Prepare proposals of the most efficient and economic methods of transporting goods and people.

The transportation planning technologist would work under the supervision of an engineer or transportation manager but would be expected to show a high degree of initiative. He might, in turn supervise a team of technicians in order to carry out his responsibilities.

SHERIDAN COLLEGE - BRAMPTON CAMPUSMOTOR CARRIER ADMINISTRATION

Duration: 1 Year (2 semesters)
 Approved: December 29, 1976
 Commencement date: September 1977
 Prerequisite: 1 Year of Business Administration
 or Transportation Planning
 or Community Planning

Program Objective

To upgrade the calibre of administrative staff in the Ontario Trucking Industry and to enlighten young people concerning career opportunities available in modern Motor Carrier operation.

Program of Studies

Course	Hours per Week	
	Semester I	Semester II
Motor Carrier Marketing	3	3
Motor Carrier Administration	3	-
Equipment and Operations	3	3
Tariffs and Costing	-	3
Personnel Management	3	-
Transportation Labour Relations	-	3
Transportation Regulations	3	3
Management Information Systems	-	3
Accounting II	3	-
Corporate Finance	-	3
Traffic Management and Distribution	3	3
Communications	3	3
	24	27

STATUTORY ITEMS

Minister's Salary
Parl. Assistants' Salaries
City of Niagara Falls
Ontario Trans. Dev. Corporation
St. Clair Parkway Comm.
Construction Trust Account

ADMINISTRATION

Head Office
District
SUB TOTAL (ADMINISTRATION)

MAINTENANCE

General
Winter
Repaving
Municipal Subsidies
Juv. Roads
Unincorporated Townships
Roads and Bridges
Transit Oper. Deficit

Sundry (Supply & Spec. Services, Etc.)

SUB TOTAL (MAINTENANCE)
CONSTRUCTION

Roads and Bridges (Inc. Prop.

- Construction Services
- Municipal Subsidies
 - Dev. Roads
 - Unincorp. Twp. Roads and Bridges
 - Transit Capital
 - Subways

SUB TOTAL (CONSTRUCTION)

TIERS
T.A.T.O.A. (Go-Transit)
Air Services
Ont. Telephone
Ont. North. Tran. Com.
Safety & Regulation Program
Common Carriers
Ont. Season Employment

MINISTRY OF TRANSPORT (NOT INCLUDED IN ABOVE)

- Minister's Salary
- Disbursements, Charges and Debt
- Air Services
- Ontario Telephone
- Common Carriers
- Safety and Regulation Program

1966/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75
396,126,406	390,587,594	423,086,272	439,640,512	451,667,507	497,291,104	579,230,606	597,551,665	650,672,067	811,037,123

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APPENDIX - V

STATUS REPORT
ON THE
RECOMMENDATIONS OF THE MINISTERIAL
INQUIRY INTO THE DUMP TRUCK INDUSTRY

RECOMMENDATION 1:

"All accounts for transportation services rendered should be paid within 30 days"

IMPLEMENTATION:

The general application of this recommendation may be outside the purview of the Public Commercial Vehicles Act, and constitute an interference in the formation of individual contractual relationships. Further, in discussing this recommendation with the Commissioner, it was agreed that 30 days is too short a period to be practical.

In keeping with the spirit of the recommendation, the Ministry of Transportation and Communications agreed with the Commissioner that it would endeavor to make such payments within 45 days.

RECOMMENDATION 2:

"Common carriers operating dump trucks carrying road construction materials should be licenced"

IMPLEMENTATION:

- The Public Commercial Vehicles Amendment Act, 1975 (2nd Session), (Bill 3), effective January 1, 1976.
- The Public Commercial Vehicles Amendment Act, 1976, (Bill 39), effective April 14, 1976.
- Ontario Regulation 33/76, which amends Regulation 700 of the Revised Regulations of Ontario, 1970, made under The Public Commercial Vehicles Act, effective January 31, 1976.

RECOMMENDATION 3:

"Licences should be granted by regions"

IMPLEMENTATION:

- The Public Commercial Vehicles Amendment Act, 1975 (2nd Session), (Bill 3), effective January 1, 1976.
- The Public Commercial Vehicles Amendment Act, 1976, (Bill 39), effective April 14, 1976.
- Ontario Regulation 33/76, which amends Regulation 700 of the Revised Regulations of Ontario, 1970, made under The Public Commercial Vehicles Act, effective January 31, 1976.

RECOMMENDATION 4:

"All dump trucks, wherever they are, should be subject to the same requirements of safety and loading"

IMPLEMENTATION:

None required. The safety and local provisions of the Highway Traffic Act apply, and have always applied, universally throughout the Province.

RECOMMENDATION 5:

"Municipal dump trucks should be exempt from provincial rate filing"

IMPLEMENTATION:

None required. Trucks operating exclusively within an Urban Zone are exempt from the provisions of the Public Commercial Vehicles Act.

RECOMMENDATION 6:

"Truck brokers or lessees should be registered"

IMPLEMENTATION:

None. The Ministry of Transportation and Communications has this recommendation under consideration, particularly in view of the recommendations of the Interim Report of the Select Committee on the Highway Transportation of Goods.

RECOMMENDATION 7:

"Bond of \$5,000 should be posted by broker or lessee"

IMPLEMENTATION:

None. The Ministry of Transportation and Communications has this recommendation under consideration, particularly in view of the recommendations of the Interim Report of the Select Committee on the Highway Transportation of Goods.

RECOMMENDATION 8:

"MTC minimum rates should be extended to all government contracts involving dump trucks"

IMPLEMENTATION:

By decision of the Cabinet in May 1976, the Ministries of the Government of Ontario were instructed to observe Ministry of Transportation and Communications minimum rates in all Provincial Government contracts involving dump trucks.

The Cabinet further directed that the implementation of this observance be the individual responsibility of each Ministry engaging such contracts.

RECOMMENDATION 9:

"Complaints of non-payment by shippers of minimum transportation rates should be made to Contract Control Office, at Downsview"

IMPLEMENTATION:

In meeting with the Commissioner, it was determined that this recommendation was meant to apply solely to complaints regarding Ministry of Transportation and Communications contracts.

The responsibility for these complaints has been, and is currently an assignment of the Ministry's Contract Control Office.

RECOMMENDATION 10:

"Minimum rates should be refined by geographic areas, preferably according to regions"

IMPLEMENTATION:

In meeting with the Commissioner, it was agreed that regional differences were too complex for a regional rate system to be immediately practical. It is possible for the Ministry of Transportation and Communications to develop such a system, in view of further considerations which may come to the Ministry's attention.

RECOMMENDATION 11:

"In respect of MTC contracts, any owner of dump trucks carrying construction materials should be paid at least the minimum rate"

IMPLEMENTATION:

The minimum rate has been, and is currently enforced with respect to dump trucks engaged by contractors and subcontractors to the Ministry of Transportation and Communications.

Though it would pose difficulties in administration and enforcement, it is possible for the Ministry to extend the applicability of its minimum rate, in view of considerations which may come to the Ministry's attention.

RECOMMENDATION 12:

"Any Ministry subsidizing a project utilizing dump trucks should require compliance with MTC minimum truck haul rates"

IMPLEMENTATION:

It is the considered opinion of the Ministry of Transportation and Communications that the only reasonable method of implementing this recommendation would be through legislation of a direct provision for rate regulation in The Public Commercial Vehicles Act.

Otherwise, the implementation of this recommendation would require the Province to control the procurement procedures of a large number of organizations, most importantly including municipalities receiving funds from any Provincial Ministry.

The Ministry has forwarded this recommendation to the Municipal Engineers' Association for its consideration and action, and intends to make further inquiries as to the Association's response.

RECOMMENDATION 13:

"A register of dump truck owners seeking employment should be established by regions"

IMPLEMENTATION:

In meeting with the Commissioner, the Ministry of Transportation and Communications indicated that such registers could be kept, but that they would have limited impact on prospective contractors because it would be incumbent on the registrants to maintain an accurate statement with the register of their availability on a day-to-day, even hour-to-hour basis.

At this time, no further action has been taken, or is being considered with respect to this recommendation.

RECOMMENDATION 14:

"Licensees should file tariffs"

IMPLEMENTATION:

None. In the opinion of the Ministry of Transportation and Communications, dump truck rates change frequently enough that the purpose of a public notification of charges would not ensue from a rate filing system respecting dump truck services.

RECOMMENDATION 15:

"The schedule of MTC minimum rates should be accepted by the Ontario Highway Transport Board"

IMPLEMENTATION:

None. In the opinion of the Ministry of Transportation and Communications, dump truck rates change frequently enough that the purpose of a public notification of charges would not ensue from a rate filing system respecting dump truck services.

RECOMMENDATION 16:

"Tariffs should be subject to rejection and suspension"

IMPLEMENTATION:

None. In the opinion of the Ministry of Transportation and Communications, dump truck rates change frequently enough that the purpose of a public notification of charges would not ensue from a rate filing system respecting dump truck services.

RECOMMENDATION 17:

With respect to the filing of tariffs, "Each licensee should have the right of independent action"

IMPLEMENTATION:

None. In the opinion of the Ministry of Transportation and Communications, dump truck rates change frequently enough that the purpose of a public notification of charges would not ensue from a rate filing system respecting dump truck services.

RECOMMENDATION 18:

"Tariffs should remain in effect for 1 year"

IMPLEMENTATION:

None. In the opinion of the Ministry of Transportation and Communications, dump truck rates change frequently enough that the purpose of a public notification of charges would not ensue from a rate filing system respecting dump truck services.

RECOMMENDATION 19:

"Affected parties may complain of a tariff"

IMPLEMENTATION:

None. In the opinion of the Ministry of Transportation and Communications, dump truck rates change frequently enough that the purpose of a public notification of charges would not ensue from a rate filing system respecting dump truck services.

RECOMMENDATION 20:

"The application of tariffs should be subject to audit by MTC"

IMPLEMENTATION:

The Ministry of Transportation and Communications currently has the right to audit only its own contracts, and does so regularly on a spot-check basis.

RECOMMENDATION 21:

"A provincial standards association to recommend industry specifications should be established"

IMPLEMENTATION:

None required.

No enabling legislation is required to permit dump truck owners and operators to form such an association or to adopt technical and other standards which do not contravene the Combines Investigation Act of Canada. The Canadian Standards Association, and other similar organizations, can be contracted for the purpose of standards writing.

RECOMMENDATION 22:

"Each dump truck driver should be furnished with a trip record"

IMPLEMENTATION:

Ministry of Transportation and Communications discussions with aggregate producers revealed that the Ministry was the sole offender in not giving dump truck operators weigh bills or tickets for their records. The Ministry has revised its ticket form to include a copy for the operator of the truck.

RECOMMENDATION 23:

"Joint Hearings should be held by Ontario and Quebec Boards"

IMPLEMENTATION:

In October 1976, the Chairman of the Ontario Highway Transport Board reported that an agreement had been reached with the Quebec Transport Commission which would allow joint Ontario-Quebec hearings to begin early in 1977.

At this time, it is not known whether the new administration in Quebec will choose to proceed as agreed in October, or whether such procedures might be made available for the hearing of dump truck applications.

RECOMMENDATION 24:

"Facilities to assemble relevant Quebec information should be established"

IMPLEMENTATION:

The Ministry of Transportation and Communications assembles such information through various offices; and, particularly through its Eastern Region office in Kingston and District offices throughout eastern Ontario, makes information of a general nature available on an informal basis. The Ministry is not prepared, however, to assume responsibility for consultation with individuals regarding rights and procedures available through the Government of Quebec.

RECOMMENDATION 25:

With reference to the Province of Quebec,
"More effective enforcement should be
required at provincial border"

IMPLEMENTATION:

In the past year, the Ministry of Transportation and Communications has established a joint committee with the Quebec Ministry of Transport. One of the purposes of establishing the committee was to address border problems, including ^{DUMP TRUCK BORDER ISSUES} ~~IN BOTH PROVINCES~~

RECOMMENDATION 26:

With reference to the Province of Quebec,
 "Exemptions to non-resident truckers should
 be granted only to the extent that similar
 exemptions are allowed to Ontario truckers
 by the reciprocating province"

IMPLEMENTATION:

In the Summer of 1976, a new reciprocity agreement between Ontario and Quebec became effective, which attempts to achieve this objective in the registration of trucks serving both provinces. Nevertheless, the Ministry of Transportation and Communications is aware of the difficulties being encountered in the vicinity of the Quebec border by Ontario dump truck operators.

Thus, in the past year, the Ministry has also established a joint committee with the Quebec Ministry of Transport, to address this and other issues of concern to both provinces. In a recent meeting of this committee, officials of the two provinces discussed border area dump truck operations in some detail.

At that time, Ontario officials were assured that extra-provincial permits, under Quebec Regulation 12 respecting bulk trucking, are available to Ontario operators, which would authorize cross-border for-hire operations for the purpose of delivering material to locations in Quebec. The Quebec officials also indicated their willingness to amend Regulation 12, so as to extend the applicability of such permits to bulk commodities originating in, and destined to locations outside of Quebec.

However, in conjunction with this development, it should be noted that it is difficult, if not impossible, to reach agreement on reciprocity provisions to over-ride Quebec regulatory legislation for which there is no equivalent legislation in Ontario. The implication here is that it will be difficult, if not impossible, to resolve the intra-provincial inequities faced by Ontario dump truck operators in the vicinity of the Quebec border.

RECOMMENDATION 27:

"There should be joint responsibility for overloading by both shipper and trucker owner"

IMPLEMENTATION:

- The Highway Traffic Amendment Act, 1976, (Bill 25), amending Sections 64 and 80 of The Highway Traffic Act, effective June 7, 1976.

RECOMMENDATION 28:

"Metal plates should be affixed to each truck showing gross and axle weights"

IMPLEMENTATION:

None, pending efforts of the Ministry of Transportation and Communications to amend the gross load and axle weight provisions of the Highway Traffic Act. In particular, the Ministry has not yet obtained industry concurrence in proposed revisions of the gross load legislation.

RECOMMENDATION 29:

"Section 5 (1) of The Public Commercial Vehicles Act should be repealed"

IMPLEMENTATION:

- The Public Commercial Vehicles Amendment Act, 1975 (2nd Session), (Bill 3), effective January 1, 1976.
- The Public Commercial Vehicles Amendment Act, 1976, (Bill 39), effective April 14, 1976.
- Ontario Regulation 33/76, which amends Regulation 700 of the Revised Regulations of Ontario, 1970, made under The Public Commercial Vehicles Act, effective January 31, 1976.

RECOMMENDATION 30:

"Licensing of dump trucks should be returned to the Ontario Highway Transport Board"

IMPLEMENTATION:

- The Public Commercial Vehicles Amendment Act, 1975 (2nd Session), (Bill 3), effective January 1, 1976.
- The Public Commercial Vehicles Amendment Act, 1976, (Bill 39), effective April 14, 1976.
- Ontario Regulation 33/76, which amends Regulation 700 of the Revised Regulations of Ontario, 1970, made under The Public Commercial Vehicles Act, effective January 31, 1976.

RECOMMENDATION 31:

"Dump truck owners should no longer be contract carriers"

IMPLEMENTATION:

- The Public Commercial Vehicles Amendment Act, 1975 (2nd Session), (Bill 3), effective January 1, 1976.
- The Public Commercial Vehicles Amendment Act, 1976, (Bill 39), effective April 14, 1976.
- Ontario Regulation 33/76, which amends Regulation 700 of the Revised Regulations of Ontario, 1970, made under The Public Commercial Vehicles Act, effective January 31, 1976.

RECOMMENDATION 32:

"Applications should be heard by the Board during the winter months"

IMPLEMENTATION:

The Ontario Highway Transport Board hears, and has always heard applications throughout the calendar year.

In the initial processing of R license applications during 1976, special R license hearings were conducted as required in the various regions of the Province.

At this time, however, R license applications are in the process of being integrated into the general hearing procedures of the Board. At the discretion of the Chairman of the Board, such hearings are scheduled in regional locations when a sufficient number of applications pertaining to a region have been filed, usually 15 to 20 cases or more, to reduce the hearing costs borne by the applicants to a reasonable level.

RECOMMENDATION 33:

"Senior management of MTC field organization should assist Ontario Highway Transport Board", in assessing the demand for, and supply of dump truck services.

IMPLEMENTATION:

Consultation between the Ontario Highway Transport Board and other offices of the Ministry of Transportation and Communications is conducted on a routine basis, and includes the exchange of information pertinent to the responsibilities of the Board.

RECOMMENDATION 34:

"Interim or temporary licences should be continued"

IMPLEMENTATION:

- The Public Commercial Vehicles Amendment Act, 1975 (2nd Session), (Bill 3), Section 2, Subsection 4, effective January 1, 1976.

RECOMMENDATION 35:

"There should be no limitation on the number of trucks to be operated by an individual"

IMPLEMENTATION:

- The Public Commercial Vehicles Amendment Act, 1975 (2nd Session), (Bill 3), Section 2, Subsection 3, effective January 1, 1976:

According to this legislation, the Ontario Highway Transport Board must, in issuing a certificate, specify the maximum number of vehicles which may be operated. However, the Board is not limited in the determination of that specification, by any statutory maximum.

RECOMMENDATION 36:

"There should be suspension of operations for bad safety record or for constant overloading"

IMPLEMENTATION:

Enforcement of the safety and loading provisions of the Highway Traffic Act is, and always has been applicable to the operation of dump trucks. Under Section 27 of this Act, the Registrar may suspend or cancel any permit or licence issued to an owner, operator or chauffeur of a motor vehicle, for misconduct or contravention of the provisions of The Highway Traffic, The Public Vehicles, or the Public Commercial Vehicles Acts, or any reason that he may consider sufficient.

RECOMMENDATION 37:

"There should be a continuing exchange of information with other provinces"; that "MTC continue its obvious excellent relationship with corresponding Ministries in Canada".

IMPLEMENTATION:

The Ministry of Transportation and Communications carries on extensive and regular communications and consultations, of both a formal and informal nature, with its provincial and federal counterparts; and, with particular reference to motor vehicles, is a member and participant in the Canadian Conference Motor Transport Administrators and the Conference of Ministers Responsible for Motor Vehicle Administration.

The Ministry is pleased that the Commissioner was able to benefit from the experience and advice of its counterparts across Canada.

RECOMMENDATION 38:

"All dump trucks should be inspected semi-annually"

IMPLEMENTATION:

The legislation noted below establishes a dump truck inspection program. At this time, initial inspections have been made, or are available, which validate complying vehicles until May 31, 1977. Measures which would make this program recurrent and semi-annual are pending.

- The Highway Traffic Amendment Act, 1975 (2nd Session), (Bill 2), Sections 1 through 7, effective December 18, 1975.
- The Highway Traffic Amendment Act, 1976, Sections 6 and 7, effective June 7, 1976.
- Ontario Regulation 544/76, made under The Highway Traffic Act, effective September 1, 1976.

- Ontario Regulation 544/76, made under The Highway Traffic Act, effective September 1, 1976.
- Ontario Regulation 545/76, which amends Ontario Regulation 477/74, made under The Highway Traffic Act, effective July 17, 1976.
- Ontario Regulation 935/76, which amends Ontario Regulation 544/76, made under The Highway Traffic Act, effective November 3, 1976.

RECOMMENDATION 39:

"Dump trucks should be found fit before being allowed to continue operations"

IMPLEMENTATION:

- Under Section 55 of the Highway Traffic Act, a constable or officer appointed for the purpose of carrying out the provisions of the Act may at any time require such examinations and tests of any vehicle as the constable or officer may consider expedient.

Where any such vehicle is found to be unsafe, the constable or officer may prohibit the operation of the vehicle on the highway and/or seize and hold its registration plates until the vehicle has been placed in a safe condition.

- Under Sections 1 and 2 of the Highway Traffic Amendment Act, 1975 (2nd Session), provision is made for a constable or officer appointed for the purposes of carrying out the provisions of the Highway Traffic Act to seize the number plates of vehicles not displaying a vehicle inspection sticker as required.

RECOMMENDATION 40:

"Inspections should be applied with equal impact on private as well as on for-hire dump trucks"

IMPLEMENTATION:

- Under Section 55 of the Highway Traffic Act, a constable or officer appointed for the purpose of carrying out the provisions of the Act may at any time require such examinations and tests of any vehicle as the constable or officer may consider expedient.

Where any such vehicle is found to be unsafe, the constable or officer may prohibit the operation of the vehicle on the highway and/or seize and hold its registration plates until the vehicle has been placed in a safe condition.

- Ontario Regulation 544/76, made under The Highway Traffic Act, regarding the dump vehicle inspection program and the application of vehicle inspection stickers to dump vehicles,
 - (a) defines dump vehicle as a commercial motor vehicle used for the transportation and dumping or spreading of sand, gravel, earth, crushed or uncut rock, slag, rubble, salt, calcium chloride, snow, ice or any mixture thereof, asphalt mixes or scrap metal; and
 - (b) exempts dump vehicles which are unladen, or for which a permit issued under The Highway Traffic Act authorizes a gross weight of 18,000 pounds or less, from the requirements of the dump vehicle inspection program.

RECOMMENDATION 41:

"Vehicles found unsafe should not be allowed on the highways until a further inspection is made"

IMPLEMENTATION:

- Under Section 55 of the Highway Traffic Act, a constable or officer appointed for the purpose of carrying out the provisions of the Act may at any time require such examinations and tests of any vehicle as the constable or officer may consider expedient.

Where any such vehicle is found to be unsafe, the constable or officer may prohibit the operation of the vehicle on the highway and/or seize and hold its registration plate until the vehicle has been placed in a safe condition.

- Under Sections 1 and 2 of The Highway Traffic Amendment Act, 1975 (2nd Session), provision is made for a constable or officer appointed for the purposes of carrying out the provisions of The Highway Traffic Act to seize the number plates of vehicles not displaying a vehicle inspection sticker as required.

RECOMMENDATION 42:

"Drivers should be classified at an early date"

IMPLEMENTATION:

- Ontario Regulation 906/76, made under The Highway Traffic Act, effective February 1, 1977.

RECOMMENDATION 43:

"Loads on dump trucks should be covered by tarpaulins"

IMPLEMENTATION:

- Ontario Regulation 632/76, made under The Highway Traffic Act, effective January 1, 1977.

RECOMMENDATION 44:

"Associations of dump truckers should:

- (i) accept membership from all interested persons
- (ii) file audited reports annually
- (iii) produce certified copies of resolutions
- (iv) indicate nature and extent of minority views"

IMPLEMENTATION:

No action has been taken by the Ministry of Transportation and Communications.

RECOMMENDATION 45:

"Associations of dump truck owners advocating work stoppage should disclose whether decision was reached by secret ballot or by show of hands"

IMPLEMENTATION:

No action has been taken by the Ministry of Transportation and Communications.

BILL 4**Government Bill**

3RD SESSION, 30TH LEGISLATURE, ONTARIO
25 ELIZABETH II, 1976

**An Act to amend
The Public Commercial Vehicles Act**

THE HON. J. W. SNOW
Minister of Transportation and Communications

TORONTO

PRINTED BY J. C. THATCHER, QUEEN'S PRINTER FOR ONTARIO

EXPLANATORY NOTE

Subsection 1 of section 2 prohibits the operation of a commercial motor vehicle on a highway for compensation except in accordance with the conditions specified therein. Subsection 2 provides exceptions to the prohibition in subsection 1. The proposed amendment is an added exception.

Subsection 1 of section 3 provides basically that where goods are transported in a commercial vehicle not owned or leased by the owner of the goods and pursuant to an agreement under which the owner or lessee directly or indirectly receives compensation, the goods are deemed to be transported by the owner or lessee of the vehicle for compensation. Subsection 2 of section 3 sets out circumstances in which an agreement shall be deemed not a valid lease for purposes of the Act. The proposed amendment adds to the list of circumstances under which an agreement or arrangement shall be deemed not a valid lease.

New section 3a of the Act prohibits the entering into of an arrangement or agreement to lease a vehicle with a gross weight in excess of 28,000 pounds if the lessee does not have to return the vehicle to the place where he received it from the lessor.

BILL 4

An Act to amend
The Public Commercial Vehicles Act

1976

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1. Subsection 2 of section 2 of *The Public Commercial Vehicles Act*, being chapter 375 of the Revised Statutes of Ontario, 1970, as re-enacted by the Statutes of Ontario, 1973, chapter 166, section 2, is amended by striking out "or" at the end of clause *a*, by adding "or" at the end of clause *b* and by adding thereto the following clause:

(c) the transportation by a commercial vehicle of ready mixed concrete.

2. Subsection 2 of section 3 of the said Act, as re-enacted by the Statutes of Ontario, 1973, chapter 166, section 3, is amended by striking out "or" at the end of clause *e*, by adding "or" at the end of clause *f* and by adding thereto the following clause:

(g) if, in the case of a vehicle with a gross weight in excess of 28,000 pounds,

(i) under the arrangement or agreement a provision for the return of the vehicle by the lessee to the point of receipt of the vehicle by the lessee at the completion of the arrangement or agreement is not included, or is altered or modified, or

(ii) the lessee gives up possession or control of the vehicle prior to the return of the vehicle to its point of receipt from the lessor,

but this clause does not make invalid an arrangement or agreement where the vehicle that is the subject of the arrangement or agreement is replaced by the lessor of the vehicle because it becomes unserviceable during the term of the arrangement or agreement.

s. 3a.
enacted

3. The said Act is amended by adding thereto the following section:

Return of
vehicle to
point of
receipt

3a. No person shall enter into an arrangement or agreement for the leasing of a vehicle with a gross weight in excess of 28,000 pounds where the arrangement or agreement does not provide for the return of the vehicle by the lessee to the point of receipt of the vehicle by the lessee at the completion of the arrangement or agreement.

Commence-
ment

4. This Act comes into force on the day it receives Royal Assent.

Short title

5. This Act may be cited as *The Public Commercial Vehicles Amendment Act, 1976*.

FILE NO. 1662-75-R

FEB 25 1977

ONTARIO LABOUR RELATIONS BOARD

Between :

The Mount Nemo Truckers Association,

(Applicant),

-and-

Nelson Crushed Stone, a division of King
Paving and Materials, a division of The
Flintkote Company of Canada Limited,

(Respondent),

-and-

United Cement, Lime and Gyproc Workers'
International Union, AFL, CIO, CLC,
Local Union #494,

(Intervener).

BEFORE: D.H. Kates, Vice-Chairman and Board Members
P.J. O'Keefe and J.E.C. Robinson, Q.C.APPEARANCES: P. Kirby, Carmine Iafrate, Don Nickel,
Karl Sommer, and Giuseppe Amello for the applicant;
J.P. Sanderson, B.R. Baldwin and E.V. Drury for the
respondent; Eric Batten for the intervener.

DECISION OF D.H. KATES AND P.J. O'KEEFE:

1. This is an application for certification for a group of truckers engaged by the respondent at its quarry in Burlington, Ontario.

2. At the initial hearing scheduled in this matter the Board entertained the evidence and representations of the parties with respect to the applicant's status as a trade union under section 1(1)(n) of the Act. At that time it was determined that the applicant's status to represent the persons for whom certification was sought

was interrelated with, and dependent upon, whether such persons fell within the definition of "dependent contractor." There are approximately forty truckers affected by the applicant's efforts to acquire bargaining rights on their behalf. The respondent at all times asserted that these truckers in the traditional sense are independent businessmen who are disentitled to the benefits of representative rights. The respondent and the intervener are parties to a collective agreement whose scope encompasses "an all employee unit." The intervener has intervened in these proceedings solely for the purpose of safeguarding its representative rights. The intervener has taken no position on the main issue before the Board nor has it suggested that the truckers under consideration are "employees" as opposed to "dependent contractors." The applicant asserts that the persons affected by the application are indeed "dependent contractors" and ought to be treated as "employees" entitled to representation by it in a separate and distinct bargaining unit.

3. The relevant provisions of the Act under review read as follows:

"1. - (1) In this Act,

(ga) "dependent contractor" means a person, whether or not employed under a contract of employment, and whether or not furnishing his own tools, vehicles, equipment, machinery, material or any other thing, who performs work or services for another person for compensation or reward on such terms and conditions that he is in a position of economic dependence upon, and under an obligation to perform duties for, that person more closely resembling the relationship of an employee than that of an independent contractor;

(gb) 'employee' includes a dependent contractor;

6. - (4) A bargaining unit consisting solely of dependent contractors shall be deemed by the Board to be a unit of employees appropriate for collective bargaining but the Board may include dependent contractors in a bargaining unit with other employees if the Board is satisfied that a majority of such dependent contractors wish to be included in such bargaining unit."

Please turn over....

4. The Labour Relations Officer assigned the task of inquiring into the list and composition of the bargaining unit examined each of the truckers' duties and responsibilities in context with his particular relationship with the respondent. In examining the six volumes of information contained in his Report the parties in a general sense indicated that there was little distinction between the status of one trucker and the other. It was pointed out that two of the truckers had formed a partnership arrangement but had nonetheless operated one of the two trucks comprising the assets of the partnership in the service of the respondent. In short, the Board proposes to adopt an "all or nothing" approach with respect to our treatment of the truckers' eligibility to the status of "dependent contractor." (See: The Globe and Mail case, 63 CLLC, \$16,290, at page 1205, The Municipality of Metropolitan Toronto case, [1962] OLRB Rep. Dec. 322.)

5. The respondent is engaged in the business of processing and distributing crushed stone, asphalt and like materials to construction industry projects in the Burlington area. For this purpose it owns and operates a quarry and a plant for preparing its product. Employees are engaged by the respondent in this specific phase of its operation. The task of delivering the finished product to its customers is assumed by individual truckers hired by the respondent as the need dictates. The market pattern of the respondent's business is not unlike most undertakings involved in the construction industry or on its periphery. In the summer, demand for its product reaches its apex while in the winter demand is at its lowest ebb. For example, the truckers are divided into "A" and "B" groupings with a view to a disciplined organizational means for receiving loads for delivery. In the summer months on alternative days one group lines up at the commencement of the day for receiving of a load; in the winter months groups are extended line-up privileges on alternative weeks. On the particular week a group is not scheduled for work alternative employment is secured with the respondent's co-operation with the Town of Burlington where their services may be retained for snow removal.

6. The truckers, upon being hired, are presented with a contractual agreement which they are expected to sign. The document is prepared by the respondent without negotiation or consultation with the individual trucker. A large number of the truckers reviewed are shown to have provided service to the respondent on a relatively long term basis. Nevertheless no distinction is made with respect to the contents of the arrangement premised upon the trucker's length of service with the respondent. Payment for services

is made on a ton-mileage basis and rates are uniformly established in accordance with the geographic distance travelled with respect to a particular job. Premiums are set by the respondent in accordance with the nature of the load and in connection with distances not included in the schedules. Payments for stand-by time or delays in serving customers and for incidental services discharged at the respondent's yard are also determined on an ad hoc basis by the respondent. In the former instance co-operation with the customer is often required and in the latter case the respondent ordinarily establishes an hourly rate. There was some indication that individual truckers may at times have some input in determining long distance rates. In the event that the respondent gives a customer a discount in the sale of its product the loss is passed on to the trucker who is obliged to deliver the load below the pre-established rates. The trucker is neither informed in advance of this reduced rate nor is he extended the opportunity of negotiating the amount of the reduction.

7. In terms of regular benefits normally conferred upon employees, the trucker is not extended (nor indeed is he necessarily eligible for) unemployment insurance, workmen's compensation, Canada Pension, vacation pay, statutory holidays and the like. He is responsible for payment of income taxes, the arrangement for his hospitalization and the assumption of other like benefits. Each maintains some form of bookkeeping system either discharged by the trucker's spouse or a paid accountant.

8. The trucker owns and operates the truck that is necessary in the discharge of the delivery service extended the respondent. He is confined in his purchase to either the tandem or single axle truck. He is precluded from the purchase of the larger tri-axle vehicle. The market value of a truck may be as high as \$40,000.00. He is required under the provisions of the contract to carry a minimum of \$300,000.00 liability insurance. Although the evidence does not indicate that the respondent co-signs as guarantor with the trucker's creditor in the purchase of the vehicle, nonetheless the trucker from time to time is required to obtain a letter from the respondent pertaining to the nature and stability of his relationship with the respondent. He is responsible for the purchase of all vehicular licences and the necessary P.C.V. licences. Appropriate maintenance costs and general up-keep of the truck are borne by the individual. These costs, of course, are partially off-set by capital depreciation and other expenditures incurred in the operation of the truck may be claimed as allowable tax deductions from gross revenue. In regard to the application that is made to the Ontario Highway Transport Board for his P.C.V. licence the trucker is now eligible for the "R" licence which permits the haulage of crushed stone

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aggregate over two adjacent regions. Prior to the amended regulations, the Labour Relation Officer's Report indicates, as late as 1966 "PCV licences" were obtained with the aid of, and often, in the respondent's name. Gasoline may be purchased on the respondent's premises at the convenience of the trucker. The respondent requires that the trucker purchase a tarpaulin to cover his load in keeping with the requirements of government regulation. A trucker has often been denied a load, or has otherwise been penalized, for failure to provide a tarpaulin. The respondent's name does not appear on the truck nor is there any particular indication, save for a number affixed to the side of his truck, that would identify the trucker with the respondent's operation. In this respect the trucker has applied his vehicle for numerous purposes aside from hauling crushed stone for the respondent.

9. Passing reference has already been made to the operation of the delivery system devised by the respondent in consultation with the truckers. Drivers are expected to line up their vehicles for loads at 7.00 a.m. or earlier as prescribed from time to time by the respondent. There was some indication that a trucker may elect to show up for work as he pleases and determine the size of the particular load he carries. It is clear that the dispatcher assigns work loads on a first-come-first-serve basis to truckers constituting the particular group scheduled to work. The economic reality of the incentive to make ends meet, however, dictates the driver's alacrity to commence work and assume loads. In this regard there are some loads, particularly with respect to destinations in Toronto, that are viewed by the trucker as unprofitable. Collection of monies on C.O.D. orders is the responsibility of the trucker. If difficulties are encountered with the customer the driver is obviously expected to treat the situation with some tact. He is expected to make his delivery at a reasonable speed. It was acknowledged by a driver that he also benefits, in the financial sense, by the speedy dispatch of a load. In this regard a number of the drivers indicated that some prejudicial act in the form of a penalty or discipline would follow in the event that a load was refused or if a load was not delivered within the anticipated time. Once the dispatcher has authorized the trucker to assume a load and he has left the respondent's yard the trucker chooses the particular route necessary to reach his destination. Most drivers personally attend to the delivery service with the truck he owns. In the event a trucker is on vacation, is under suspension for whatever cause, or otherwise incapacitated from discharging this service, he may, in consultation with the respondent

hire a driver to replace him.

10. The evidence contained in the Labour Relations Officer's Report clearly establishes that the trucker's principal source of revenue is through the delivery opportunities made available by the respondent. In terms of opportunities for supplementing his income the driver is also, to a meaningful degree, dependent upon the respondent. For example, a driver may be advised of an opportunity to haul a load for a related or sister company of the "Flintkote Conglomerate" of which the respondent is a member. The Board has heretofore related that opportunities to engage in snow removal for the Town of Burlington during the winter period is with the approval of, and in co-operation with, the respondent's officials. The truckers indicated that they may also haul fill for friends and acquaintances who retain their services. In this respect a trucker may purchase a load from the respondent and make a profit on a delivery to the customer. Cartage and horticultural services may also be provided by the trucker from time to time on an intermittent basis. Nevertheless the clear and uncontradicted conclusion to be derived from the evidence is that a driver, with respect to total fiscal revenues is shown to earn the lion's share of his income from the haulage services required by the respondent. The other avenues made available to the driver in terms of supplementing his income account minimally in the computation of gross income. Indeed, many of the drivers indicated that they were expected to give the respondent priority in its delivery service. A driver was expected to report the reason for his failure to attend the respondent's premises when work was made available.

11. The parties' submissions with respect to the breadth and scope of the Legislature's purpose in introducing the "dependent contractor" concept into the Act assumed extreme importance in making conclusions with respect to the Labour Relations Officer's Report. The respondent's argument with respect to the Legislature's intention was premised upon the status quo position assumed by the Board in distinguishing an employee from an independent contractor. (See: The Livingston Transportation Limited case, [1972] OLRB Rep. May 1972, p. 488, and as applied in a like factual situation described herein in The General Concrete of Canada Ltd. case, [1975] OLRB Rep. March 234.) Counsel suggested that the Legislature in recognizing the inadequacies of the existing approaches in dealing with the employee-entrepreneur distinction sought to codify, and thereby limit, the pronouncements of the

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Board in our most recent decisions. It therefore followed that even assuming the Board's position with respect to employment status of a person for purposes of the Act was sound, the uncertainty created by these decisions was removed by virtue of the introduction of the amendment. In applying the Board's analysis of the distinctions made in differentiating the employee from the independent contractor, as presently recognized by the Legislature, it was the respondent's general contention that the forty truckers under review continued to fall on the entrepreneurial side of the Board's pre-existing line of demarcation. The applicant dismissed the respondent's submission as overly circumscribed. He argued that the Legislature's intention was clearly expansionary with the objective of extending bargaining rights to persons who would otherwise be deprived of the rights of trade union representation. More particularly, reference was made to section 1(gb) in that the conception of "employee" was intended to "include" a "dependent contractor" as defined in section 1(ga) of the Act. (See: R.V. International Brotherhood of Electrical Workers Union, Local No. 1818, 73 CLLC, \$14,163.)

12. The Board has considered the numerous publications and decisions in other jurisdictions concerning the Legislature's purpose for the amendments and the particular needs that were intended to be fulfilled. (See particularly Arthurs, H., "The Dependent Contractor : A Study of the Legal Problems of Counter-vailing Power," (1965), 16 Univ. of Toronto Law Journal 89, with respect to the source of the term "dependent contractor" and the acknowledged justification for its creation.) Moreover, the Labour Relations Board (BC) has engaged in an exhaustive review and analysis of the jurisprudential authorities inclusive of The Livingston Transportation case (supra) in explaining the social, economic and political objectives in introducing into the B.C. Labour Code, in language subsequently borrowed by the Ontario Legislature, the concept of the artificial person described as the "dependent contractor." (See: The Fownes Construction Co. Ltd. case, (1974) Can. Labour Relations Board, Rep. 453, at pp. 455 to 459.) In the Board's view it is more than apparent that the superimposition of this new species on the collective bargaining spectrum was intended to deal with the shortcomings of the common law and judicial restrictions placed upon its elasticity in reaching individuals requiring the assistance of collective bargaining. (See, for example, N.L.R.B. v. Hearst Publications (1944) 8 L.C. 179 in context of The Metropolitan Life Insurance Co., et al case, 70 CLLC, \$14,088, at p. 37.) Suffice it to say for our purposes that the Legislature intended by the amendment to address itself to the mischief created by persons who may very well outwardly manifest the trappings

of independent entrepreneurs but who in an intrinsic sense are clearly in such a subservient economic position vis-a-vis the beneficiary of his services that he ought to be extended the protection intended by the collective bargaining process. In this context the Legislature recognized the economic vulnerability of depriving the "so called" small businessman of rights under the Act and thereby exposing him to the arbitrary whims of the person upon whom he is dependent for his livelihood. Not only is this individual denied benefits commonly accepted in our enlightened society as industrial relations norms (e.g., unemployment insurance, workmen's compensation, statutory holidays, vacation pay, minimum wage and maximum hours, etc.) but is also by operation of The Combines Investigation Act susceptible to civil and penal sanctions should he, along with his colleagues, seek by concerted action to redress perceived wrongs in his relationship with his ostensible employer. The watch word of the definition is "dependent", and dependent is to be interpreted in a manner consistent with the economic reality of the relationship with the beneficiary of the service having regard to the industry or undertaking under review. It therefore follows that the status of the "dependent contractor" must be matched and plotted in relation to the terms and conditions of "employees" in like industries to determine whether he, in a de facto sense, more resembles them. And, alternatively, it may very well be that, notwithstanding shortcomings in his development as a businessman, he may be without the need or the assistance of collective security. We perceive that the Legislature has instructed the Board in the conduct of such analysis to sacrifice form for substance, to dispel superficial distortion that disguises industrial reality and to supplant individual want by supporting, in appropriate circumstances, collective equality. In short, the Board must deal with the new problem of defining the parameters not only between the employee and the entrepreneur but also mid-way between that spectrum of distinguishing and isolating the "dependent contractor" who has statutorily been extended separate and distinct treatment.

13. To an extent the Board accepts the respondent's analysis with respect to the Legislature's attempt to dissipate uncertainty by recognizing the inadequacies of the approaches adopted at law in resolving the employee-entrepreneur dilemma. The Board does not propose to engage in a detailed analysis of these approaches such as "control test" and "the four-fold" test nor are the shortcomings of "the statutory purpose" test at all relevant to an interpretation of the statutes' mischief. Obviously these approaches

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and their relative shortcomings do to a limited degree explain and justify the need for Legislative intervention. Nevertheless it is certainly fallacious to suggest that the Legislature has thereby created an artificial limitation to the interpretation of the amendment's purpose by restricting its scope to some pre-existing status quo. The Board perceives no such interpretative restriction to our posture in dealing with the present case having regard to our understanding of the underlying mischief contemplated by the Legislature. Indeed, in no manner has it been demonstrated by judicial authority on review of our process that the Board's past decisions require the Legislative medication suggested in the respondent's submissions. In addressing ourselves to the issues the Board's task is to analyze the specific wording used in the definition of the "dependent contractor" under section 1(ga) of the Act and apply that analysis in the context of the factual circumstances before us. And, needless to say, the point upon which a particular person falls on this employee-contractor spectrum will obviously depend upon the facts and circumstances of each case. We accept as inevitable that the pronouncements heretofore applied by the Board in meeting what the respondent has characterized as the inadequacies of the past may very well have been rendered superfluous in the face of these amendments. Nevertheless, the Board need not conjecture at this point what implications that may forebode for the distinctions that will have to be made in future cases in order to accommodate the "dependent contractor" on the collective bargaining scenario.

14. The only issue placed before this Board is whether the forty truckers reviewed herein are "dependent contractors" as defined under section 1(ga) of the Act and, therefore, entitled to representation in a separate and distinct bargaining unit under section 6(4) of the Act. The respondent submits that the evidence contained in the Labour Relations Officer's Report supports the conclusion that in the economic sense the potential for augmenting the truckers' financial status was conclusively established. When ownership of the truck, the principal asset of the enterprise, is measured against the unrestricted nature of the P.C.V. license, economic mobility from customer to customer is assured. The only inference to be deduced from the truckers' disposition to continue to provide the respondent with his haulage service is that the benefits derived discourage any such change. In any event, the respondent asserts the truckers' freedom of mobility, whether exercised or not, is the key to his independence. Whether he elects to exploit that freedom ought not to cloud the discernment of the independent nature of his relationship with the respondent

15. The Board agrees that the opportunity for economic mobility is a factor in measuring the degree of independence exhibited by a particular entrepreneur in meeting his financial objectives. Indeed, perhaps in a particular circumstance it may very well follow that the individual entrepreneur may fall outside the definition of "dependent contractor" notwithstanding his election to extend the benefits of his service to one particular customer. Whatever that circumstance may be we are clearly of the view that when measured against the consideration of other significant factors the individual trucker reviewed herein does not fall into that category. In examining the Labour Relations Officer's Report the Board was impressed with the length of service with the respondent of some of the truckers. In several of these instances these drivers have not demonstrated any individual initiative to indicate they were at all self-reliant in expanding the parameters of their "business." The sheer uniformity of the terms and conditions imposed by the respondent without negotiation or, indeed, often times without consultation in satisfying the trucker's financial needs, contradicts any suggestion of an entrepreneurial relationship. What are the special inducements that have been offered by the respondent in its dealings with the truckers that would persuade them to curb their growth potential by committing their business destiny to the respondent's enterprise? Indeed, on much too frequent an occasion, the evidence indicates, a driver was "shown the gate" in the event independent initiative was exercised in the refusal of a load that was viewed by him as not being particularly profitable.

16. The more realistic picture delineated in the Labour Relations Officer's Report shows the trucker to be very much the captive of the respondent's enterprise. Indeed we are satisfied that, in assessing his relationship with the respondent in the circumstances described herein, it would be financial folly for him to seek alternative and additional business by extending his delivery service to other enterprises. Let us examine the factor of ownership and furnishing of his own truck in terms of whether the trucker is indeed financially dependent or independent of the respondent. The trucker must incur the expenses of purchasing and maintaining the vehicle as well as securing the necessary licenses in connection with the operation of the business of delivering crushed stone. Who is the beneficiary of such ownership? It is true that the trucker is, as a result, eligible for tax allowances in the process of running his enterprise. But in our view the real beneficiary in the circumstances described to us is the respondent who is spared the capital expenditures of purchasing a fleet of trucks and the concomitant

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maintenance expenses heretofore noted that are in fact shifted to, and assumed by, the individual trucker. It is true, as the respondent asserts, that the trucker is deprived of such benefits as statutory holiday pay, vacation pay, minimum wages, maximum hours, unemployment insurance and workmen's compensation. But again, who is the beneficiary? Is the trucker in the operation of the enterprise shown to be compensated for the sacrifice of these benefits otherwise extended employees? Has the risk assumed and the investment incurred in the operation of his business, having regard to the individual contract signed at the respondent's insistence, shown to be worthy of a business man of reasonably independent means? Surely the respondent's enterprise gains by virtue of the removal of the administrative expenses of having to make the necessary deductions and contributions to these patently costly employee benefits. And, once more, is it solely to the trucker's benefit that he is compelled by the respondent to assume a minimum of \$300,000.00 third-party liability insurance in the operation of the vehicle? Does not the common law as conceived by the courts exculpate the respondent from the liability of its agent by virtue of its exhortations of an absence of control over the manner in which the trucker performs his duties? And, finally, although the respondent does not act as guarantor with respect to securing of the necessary loans with respect to the purchase of the vehicle the trucker, nonetheless, must establish himself as a worthy credit risk by obtaining a letter of recommendation from the respondent. In no instance was it demonstrated that a driver, when confronted with the need for a loan, would secure the recommendation of any one of his other customers. (See: The Fownes Construction Ltd. case (supra) at p. 456 where specific reference is made to the relevance attached to the ownership and furnishing of tools.) Even in the quest of an opportunity to increase his income the trucker manifests a propensity to rely upon the respondent to assist him in securing temporary work whether it be snow removal services performed at the instance of the Town of Burlington or the intermittent haulage of a load of crushed stone through one of the respondent's related companies or one of the respondent's customers. Indeed, in absence of any evidence beyond the primitive and rudimentary trappings indicative of incipient business potential the Board can discern little capacity for entrepreneurship amongst the truckers that justifies attributing an independent characteristic to the manner in which he conducts his affairs. Indeed such conduct, inclusive of the marketing of his skills and the application of his vehicle are not so dissimilar to the obligations undertaken by an employee in applying his skills in the service of his employer. In having regard to the economic reality of the

trucker's relationship with the respondent and his dependency upon the respondent for the making of his livelihood, the Board is satisfied that he ought to be treated as a "dependent contractor" under section 1(ga) of the Act. In ascribing a guideline to be applied with respect to measuring the extent of the contractor's economic dependency of the "contractor" the Board refers to a statement made by The Canada Labour Relations Board in Midland Express Ltd., case 74, CLLC, \$16,104, at p. 877:

"Surely the test of control to be applied now to the dependency is of an economic nature. Are the persons involved obliged to sell their services in a market in which they are economically dependent on a single or a restricted few purchasers? Is their freedom to contract with any degree of independence so thwarted that they are in fact in a status equivalent to that of individual employees? One can envisage situations in which a person who would be completely independent from any employer-employee relationship in the common law contractual sense and yet would be absolutely dependent in such an economic sense."

17. Before leaving this phase of the case and in addressing ourselves to the respondent's sub-missions with respect to the requirement of the existence of "a continuing obligation" as a condition precedent to determining the "dependent" relationship, we repeat our observations made at the hearing - that no such condition need be read into the Legislature's intent. In the particular circumstances of this case we are satisfied, notwithstanding the expiry of the individual contract, that upon the truckers' acceptance of a load for delivery an obligation arises, vis-a-vis the respondent. This is especially the case in the construction industry where business relationships are inherently ephemeral and ambulatory in nature. In other words, imposition of the requirement of a continuing obligation with respect to determining the nature of the contractor's relationship with the user of his services is an unnecessary restriction upon the Legislature's purpose. (See again The Fownes Construction Company Ltd. case [supra] at p. 462.)

18. The Board finds that the applicant is a trade union within the meaning of section 1(1)(n) of The Labour Relations Act.

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19. The Board further finds that all employees engaged as truckers working at or out of the respondent's quarry at Burlington, Ontario, save and except dispatcher, persons above the rank of dispatcher, office staff and persons represented by subsisting collective agreements, constitute a unit of employees of the respondent appropriate for collective bargaining.

20. For purposes of clarity "all employees" refers to truckers found to be "dependent contractors" under section 1(ga) of The Labour Relations Act and therefore are to be treated as employees under section 1(gb) of the Act.

21. The Board is satisfied, on the basis of all the evidence before it, that more than fifty-five per cent of the employees of the respondent in the bargaining unit, at the time the application was made, were members of the applicant on 17th February, 1976, the terminal date fixed for this application and the date which the Board determines, under section 92(2)(j) of The Labour Relations Act, to be the time for the purpose of ascertaining membership under section 7(1) of the said Act.

22. A certificate will issue to the applicant.

22nd February, 1977.

"D. H. Kates"
For the Majority

DECISION OF BOARD MEMBER J.E.C. ROBINSON, Q.C.:

My dissent with respect to the issues of the status of the "dependent contractor" will be forthcoming.

"J.E.C. Robinson, Q.C."
Board Member

22nd February, 1977

APPENDIX Y

CERTIFICATE OF TITLE LAW
FOR ONTARIO

JULY, 1975

FOREWORD

This report is intended to renew interest in an Ontario Certificate of Title programme, but additionally, it attempts to put forward a reasonably unbiased view of such a programme and to provide background information for those unfamiliar with certificates of title.

Much of the material has been lifted bodily out of studies, reports or standards prepared by or on behalf of the U.S. Department of Transport that was prepared at a time when only 34 of 50 states had a title system. All 50 states will have a title law this year.

Although a previous report - Feasibility of Title Law for Ontario, Report M.T.C. 201-4111 - concluded that "There is no overwhelming evidence to support or negate title law", it is now appropriate to review the Ministry's position because of significant problems in the regulation and control of unlicensed carriers who operate contrary to The Public Commercial Vehicles Act and The Motor Vehicle Transport Act (Canada), using what purportedly is a lease to conceal a "for-hire" operation.

It seems fair to say that Ontario's registration system together with most registration systems was not designed to guarantee the correct identification of vehicle owners.

It is important to remember that Ontario has a personal property security registration programme. This programme will, upon the application of a lender, record information regarding property owners whose property is subject to the lien. "Approximately 75% of registered liens in Ontario are on motor vehicles or include motor vehicles as security. A Central Registry of Liens (PPSR) will run on M.T.C.'s computer as will the automated motor vehicle registration system. Assuming a title system the three systems could be fully integrated as to file, maintenance and enquiry and run on M.T.C.'s computer."*

There are several alternatives available at this time. They are:

- (1) Introduce a certificate of title procedure for all motor vehicles.
- (2) Introduce a certificate of title procedure for commercial motor vehicles only.

* From Report D201-4111

- (3) Introduce a certificate of title procedure for commercial motor vehicles and all new motor vehicles, that is, motor vehicles registered for the first time.

DEFINITIONS

- Title: A legal instrument issued by the Ministry identifying ownership of a particular motor vehicle for purposes of registration or assignment.
- The title may or may not show liens recorded against the vehicle.
- Registration: The process of identifying a particular vehicle and its ownership thereof, and the subsequent issuance of a registration certificate and registration plates sanctioning its use on the public highway.
- Manufacturer's Statement of Origin: A highly accurate, uniform document which establishes ownership from the time of manufacture to initial registration.
- Owner: A person, other than a lien-holder, who has the property in or title to the vehicle.
- The term includes a person or party entitled to the use and possession of the vehicle, subject to security of interest in another party. *
- Certificate of Title: That is a document issued by a jurisdiction certifying vehicle ownership.
- It may also be used to record information concerning liens and other charges outstanding on the vehicle known at the time of issuance. *
- The title document should be readily recognizable by the layman as a genuine document.
 - Extremely difficult to counterfeit.
 - Virtually resistant to alteration attempts.
 - Compatible with EDP application.
 - Detectable as visual as well as by extra visual methods.

* See page 7, Uniform Vehicle Code

** See U.V.C. Chapter 10, page 7d - a certificate of title is prima facie evidence of the facts appearing on it. Should they include lien information, then they fix the liability of the owner for the encumbrance.

Registration
Certificate:

A document issued by Motor Vehicle Departments sanctioning the operation of a vehicle on public highways (a process essentially unrelated to establishment of the ownership of the vehicle).

BACKGROUND OF CERTIFICATE OF TITLE OR DEED OF TITLE LAW

Certificate of Title - a system of registration of title to property, probably related to the Torans system introduced in Australia in 1857 and subsequently adopted in England, New Zealand and parts of Canada.

The principal characteristics of the system are as follows:

- (1) Registration of title must be made by the owner of the property in the office of the Registrar. Before title can be registered, an investigation of the owner's documents of title is made by the Registrar. A certificate of ownership is given the registrant and his documents of title are filed in the Registrar's Office.
- (2) There must be provisions for the consideration of any or all documents to establish the validity of title if such should be necessary before an act of title is issued.
- (3) A transfer of title is made by an application by the owner. A new certificate of title replaces the old and the new certificate of title is then given to the new owner.
- (4) The holder of the title certificate is guaranteed perfect title.

The desirability of title law for motor vehicles has been the subject of intermittent study in Ontario since at least 1955. In that year a Select Committee of the Ontario Legislature issued a report recommending the introduction of title law. The report was modified as to systemic content and re-issued in 1956 with the basic recommendation unchanged.

The following brief excerpt indicates the main thrust of the Select Committee's 1956 Report:

"The Committee is satisfied that a need has been demonstrated for legislation to provide a system of certificates of title for motor vehicles, admitting at the same time that proof of the need cannot with exactitude be determined any more than can many of the other needs that are met by the Legislature."

Bill 125, an Act respecting certificates of title of ownership for motor vehicles was drafted and received first reading on March 23, 1955. The Bill was redrafted in 1955 but not passed into law.

The Personal Property Security Act (1967) requires the Ministry of Consumer and Commercial Relations to maintain a central file of chattel mortgages and conditional sales contracts. Central registry of these documents is normally a component of a title law system in any title jurisdiction. *

THINGS YOU MAY NOT KNOW

In the United States of America in 1974 almost one million motor vehicles were stolen and most were stolen by highly organized rings for purposes of resale.

The costs of auto thefts are found in (a) insurance - a quarter of a billion dollars annually, (b) municipalities - law enforcement, court system, penal system, owners' inconvenience and financial loss

The provincial registration programme must be strengthened by including ownership establishment as a part of the process.

Without identification of vehicle owners, the Ministry is unable to effectively administer the registration process or identify or control the vehicle at any subsequent time.

An effective title procedure discourages the theft of automobiles by those who steal primarily for financial gain by resale of vehicle parts or the vehicle itself.

The crash rate of stolen vehicles is said to be two hundred times greater than those of other vehicles (National Auto Theft Bureau).

The effectiveness of motor vehicle administration depends in large measure on the accurate establishment of vehicle ownership. Motor Vehicle Departments are unable to authorize the operation of a vehicle on public highways until they have identified it and its owner. Accurate ownership establishment should be a prerequisite to registration. Ownership of vehicles would be established from the origin of the vehicle to its ultimate disposal. Ownership establishment is reflected in the issuance of a certificate of title.

* From Report D201-4111

CERTIFICATE OF TITLE

A motor vehicle registration safety programme should have as its major purpose the development of a central system to accurately identify and describe each vehicle and its owner.

A system that merely records the assignment of licence plate numbers to named individuals falls short of providing a control mechanism that is essential to safety programmes, to law enforcement or to providing security of interest for those who finance the purchase of motor vehicles.

The specific objectives of a registration system are:

- * (a) To register motor vehicles to be operated on public highways.
- (b) To record safety-related, identifying information for each vehicle and to record the name and address of its owner.
- (c) To provide system flexibility and capability for cross-referencing and linking vehicle and ownership information for highway and traffic safety studies, research, and accident and injury causation investigations.
- (d) To reduce the time required to enquire of the vehicle registration data base and to provide vehicle and owner identification to law enforcement personnel.
- (e) To provide rapid and accurate updating of data related to the vehicle and its ownership from the point of origin through the complete processing cycle.
- (f) To achieve reasonable uniformity of registration systems, procedures, and practices whenever possible to facilitate vehicle and owner identification, and as an aid in research analysis.
- (g) To develop and maintain a registration information base which assists the vehicle inspection programme and the manufacturers' recall campaigns of defective vehicles to ensure the safe condition of vehicles.
- (h) To provide a method and basis for evaluating the registration programme and for the reporting of appropriate data for research and other uses.

* (a) to (h) taken from Department of Transportation, 1966 report.

There is a need to strengthen the whole system of ownership establishment.

Accurate evidence of ownership optimizes control of vehicles.

Vehicle registration and titling discourage vehicle theft.

There are benefits if lien information is included as part of a titling and ownership procedure. Effective registration and titling ensure the acquisition of evidence of ownership that optimizes the control over vehicles. A standard on ownership or titling is desirable.

"The legislative background of the Highway Safety Act of 1966 established the following framework for a motor vehicle registration safety programme:

"...it is obvious that a single, central motor vehicle registration and titling system in each state designed to fully and accurately describe each vehicle and its owner is essential as a control mechanism in any safety programme.

"In a society as extremely mobile as ours, the need to be able rapidly to identify vehicle ownership is paramount. Some states have no titling system at all and vehicle registration is limited to licence plate numbers assigned to named individuals. Others have fairly comprehensive central, cross-referenced registration and titling systems."

PURPOSE

A motor vehicle registration safety programme should have as its major purpose the development of a central system to identify and describe each vehicle and its owner and to link their experience with the information contained in licence, accident, highway, and other data files related to highway safety. Such an information and control mechanism provides essential support to many other elements of the overall highway safety programme of the jurisdiction.

THE ROLE OF PPSR

To avoid unproductive duplication and to maximize the benefits of a title law, it will be necessary to establish the future role of PPSR.

Shall it be restricted to recording liens on property other than motor vehicles?

Shall it continue to record motor vehicle liens and provide this information to M.T.C. for inclusion in a certificate of title?

On July 2, 1969, D.O.T. said:

"It would seem, therefore, that a Certificate of Title system should be implemented under legislation which would deal specifically with the issuance of Certificates of Title, the requirement for their production whenever transfer of registration is affected and for the necessity to obtain releases from the creditors named in the Title before such a transaction would be acceptable. In this case, as I see it, data collection and file creation would remain the responsibility of the Department of Justice and Attorney General under the provisions of the Personal Property Security Act but that the information collected would be available to the Department of Transport for the purpose of issuing a Certificate of Title. In this respect the Department of Transport would probably be considered, vis-a-vis the registration of liens system, in the same light as any other person or organization to whom information is supplied. It is our belief that legislation could be devised which would give us the necessary authority to implement such a system without being in any way incompatible with the existing provisions of the Personal Property Security Act."

PROCEDURES IN THE UNITED STATES OF AMERICA

Title states uniformly record lien information on the title document. Title states have adopted legislation which is patterned after the Uniform Commercial Code, a model law whose purpose is to achieve uniformity among state laws regulating commercial transactions. Key requirements in the U.C.C. for the filing of liens include the following:

A lien can only be perfected if it is filed. Although a uniform law, it allows states latitude in adopting the required filing of liens at a central or local site or both.

Where a lien on personal property is subject to a state central filing statute or a requirement that the lien be noted upon a certificate of title, all other lien requirements for that type of property may vary at the prerogative of the state.

The order of lien priority is based upon the date of lien filing with the earliest liens getting the highest priority. Upon payment of the amount owed, a lien is removed from the certificate and from the lien records. The certificate is then either delivered to the next lien holder or if no liens are outstanding, the vehicle owner.

The notation of the lien holder's interest upon the certificate and the central recording of the lien information is an exclusive method of perfecting the vehicle lien.

The majority of states deliver the title to the first lien holder (secured party) appearing on the certificate. The remainder deliver the certificate to the owner.

Lien recording on titles has significant benefits for the lender and consumer protection but no substantial impact on improved vehicle owner identification. (1) It protects the financial interest of the lien holder by officially recording his identity, that of the vehicle owner and the fact that a charge against the vehicle specified does exist. (2) It protects potential lien holders and potential purchasers by providing known sites at which they can enquire about the existence of unknown liens. (3) It protects the vehicle owner by providing him with a means of officially removing the record of a lien once the charge has been removed.

The use of titles as a lien recording device does have one significant advantage for vehicle owner identification in that it establishes a broad "ownership net" which includes all parties having a financial interest in the vehicle.

Lien holders must agree to any transfer of ownership and either, (a) cancel the lien agreement, or (b) transfer the lien to another party.

The inclusion of lien information on title documents is a controversial issue among some motor vehicle administrators because

(1) they feel Motor Vehicle Departments should not be concerned with consumer and lender protection. (2) Costs involved in developing and implementing such a system are high, however, it has been found that where centralized lien recording on titles has been implemented that (1) Fees associated with titling have at least paid for the costs involved. (2) Lien recording on title is an attractive way to strengthen ownership establishment procedures.

PROCEDURES FOR ISSUANCE OF TITLE

1. Include accurate establishment of ownership for all vehicles which are to be registered as a requirement in The Highway Traffic Act.
2. Specify the vehicles for which a certificate of title should be obtained.
3. Identify the process for the application for certificate of title including the following:
 - a) The use of an MSO as the primary proof of ownership document for previously unregistered vehicles.
 - b) The use of a certificate of title as primary proof of ownership for all previously registered vehicles.
 - c) Specification of information required on the application for title.
 - d) Specification of verification procedures for reviewing the MSO or title, including:
 - (1) physical inspection of the VIN;
 - (2) review of stolen vehicle files;
 - (3) comparison with previous ownership information;
 - (4) scanning of application for completeness and accuracy.
 - e) Retention of all documents presented as proof of ownership by the department.
 - f) Specification of:
 - (1) the nature of the title certificate, i.e. uniformity of size and distinctive format;
 - (2) minimum data elements including the number and issuing state or province of the previous title or MSO;
 - (3) specification that liens be recorded on the title document;
 - (4) specification that the title document be retained in a secured location by the vehicle owner (or lien holder);

- (5) specification of procedure for issuing a duplicate certificate of title;
- (6) specification of grounds for refusing to issue a certificate of title;
- (7) revise in light of specification of grounds for refusing to issue a certificate of title;
- (8) revise as necessary the statute or the regulation which provides authority to the Ministry to cancel, suspend or revoke a registration so as to reflect the certificate of title;
- (9) Specify that:
 - (a) certificates of title and VIN plates are to be returned to the Ministry when a vehicle is junked or abandoned, and
 - (b) junk dealers, i.e. scrap processors as well as dismantlers, are to be licensed and maintain accurate records.
- (10) Revise transfer of ownership procedures to reflect certificate of title and assignment of plates to vehicle owners.
- (11) Revise EDP systems to reflect certificate of title.

EXCERPTS FROM THE STUDY ON THE FEASIBILITY OF TITLE LAW FOR
ONTARIO - REPORT D201-4111

SUMMARIZED RECOMMENDATIONS
RECOMMENDED MODEL TITLE SYSTEM FOR ONTARIO

- A. Centralized title issue.
- B. Fees at least cost-recoverable and borne largely by lien holders.
- C. Title held by owner.
- D. Security interests shown on title.
- E. Indemnity fund likely.
- F. Manufacturers' statement of origin required on originals.
- G. Vehicle identification number verification on out-of-province vehicles.
- H. At least passengers, commercials and trailers to be titled.
- I. Head office title and registration should be separate sections reporting to the same director.
- J. Field operations should remain a part of registration.
- K. Title and registration files should be integrated on electronic data processing.
- L. Central Registry of Liens should be a part of the title system.
- M. Titling should begin on originals only.

CONCLUSIONS AND QUESTIONS

- 1. There is no overwhelming evidence to support or negate title law.
- 2. We believe that fresh contact with the beneficiaries of title law is necessary to obtain this evidence. The last official contact on this topic occurred in 1956 during the proceedings of the Ontario Select Committee.

Beneficiaries are defined as being:

- General public
- Lenders
- Dealers
- Police
- Insurance industry

Other interested parties which should be contacted include:

- Law associations
- Chambers of Commerce
- Automobile Manufacturers' Association
- Garage Operators' Association
- Etc.

3. Historically, pressures in support of title law come from the credit grantors. If it is true that these customary pressures have been deflected by personal property security registration, could the needs of the province be best met by the titling of commercials only?

(ASSUMING TITLE LAW) - SHOULD TITLE AND CENTRAL REGISTRY OF LIENS ON MOTOR VEHICLES BE INTEGRATED

When title and central registry of liens exist in the same jurisdiction, the overwhelming majority of title jurisdictions combine title and that part of central registry of liens relating to motor vehicles in the same programme. One exception to this is the Province of Nova Scotia (the only Canadian title jurisdiction). Their approach has been to require liens to be registered with the Registry of Deeds locally.

Appraisal: Is central registry of liens on motor vehicles a logical component of a title system?

Let's look at the commonalities between the two systems. Lien information is, by definition, common to both systems. Both systems have common enquiry clients, mainly credit grantors and the public. The fee support for both systems flows from the same clients, again credit grantors and the public. Approximately 75% of registered liens in Ontario are on motor vehicles or include motor vehicles as security. Central Registry of Liens (P.P.S.R.) will be run on M.T.C.'s computer, as will the Automated Motor Vehicle Registration System. Assuming a Title System, the three systems could be fully integrated as to file maintenance and enquiry and run on M.T.C.'s computer.



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